

**Report on
U.S. Holdings of
Foreign Long-Term Securities**

**as of December 31, 1997,
and December 31, 1999**

**Office of the Assistant Secretary, International Affairs
Department of the Treasury**

**Division of International Finance
Board of Governors of the Federal Reserve System**

April 2000

CONTENTS

Introduction	1
Chapter 1. Findings from the 1997 Survey	3
Chapter 2. U. S. Holdings of Foreign Long-Term Securities as of December 31, 1999	22
Chapter 3. Survey Methodology	26
Tables	
1. U.S. Holdings of Foreign Long-Term Securities, by Country and Type of Security, as of December 31, 1997	4
2. U.S. Holdings of Foreign Long-Term Securities, by Type of Security, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997	7
2. U.S. Holdings of Foreign Long-Term Securities for the Top Ten Countries and the Rest of the World, as of March 31, 1994, and December 31, 1997	8
4. U.S. Holdings of Foreign Long-Term Securities, by Positions, Adjusted Transactions, and Resulting Differences, as of March 31, 1994, and December 31, 1997	9
5. U.S. Holdings of Foreign Long-Term Securities and Foreign Holdings of U.S. Long-Term Securities, 1984-97	10
6. U.S. Holdings of Foreign Equities, by Country of Investment, Amount Held, and Amount Held in U.S.-Traded Securities, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997	11
7. U.S. Holdings of Foreign Long-Term Debt Securities, by Country, Amount Held, Amount Held Issued in the United States, and Amount Denominated in U.S. Dollars, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997	12

8.	U.S. Holdings of Foreign Long-Term Securities, by Country, Amount Held, and Amount Traded in the United States, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997	13
9.	U.S. Holdings of Foreign Long-Term Securities in Developed Countries Emerging Markets, and Caribbean Financial Centers, as of March 31, 1994, and December 31, 1997	14
10.	U.S. Holdings of Foreign Long-Term Securities, by Continent, as of March 31, 1994, and December 31, 1997	15
11.	U.S. Holdings of Foreign Long-Term Debt Securities, by Currency of Denomination, as of March 31, 1994, and December 31, 1997	16
12.	U.S. Holdings of Foreign Long-Term Debt Securities, by Remaining Term to Maturity, as of December 31, 1997	17
13.	U.S. Holdings of Foreign Long-Term Debt Securities, by Country and Sector of Issuer, as of December 31, 1997	18
14.	U.S. Holdings of Foreign Long-Term Securities, by Industry, as of December 31, 1997	20
15.	U.S. Holdings of Foreign Long-Term Securities, Net Transactions, and Changes in Percentage and Valuation, by Type of Security, as of December 31, 1997 and 1999	22
16.	U.S. Holdings of Foreign Securities, as of December 31, 1997 and 1999	23
17.	U.S. Holdings of Foreign Equity Securities, as of December 31, 1997 and 1999	24
18.	U.S. Holdings of Foreign Long-Term Debt Securities, as of December 31, 1997 and 1999	25

Appendixes

A. Statistical Tables

A.1.	U.S. Holdings of Foreign Long-Term Debt Securities, by Sector of Issuer, as of December 31, 1997	30
------	--	----

A.2.	U.S. Holdings of Foreign Long-Term Securities, by Total Held, Amount Traded in U.S. Markets, and ADRs, as of December 31, 1997	33
A.3.	U.S. Holdings of Foreign Equity Securities, by Type of Security, as of December 31, 1997	36
A.4.	U.S. Holdings of Foreign Long-Term Debt Securities, by Type of Security, as of December 31, 1997	40

B. Forms and Instructions

Introduction

This report presents data and analyses regarding U.S. portfolio investment in foreign equity and debt securities.¹ The data are drawn primarily from the latest comprehensive benchmark survey of U.S. holdings of foreign long-term securities as of December 31, 1997. The survey was a joint undertaking of the U.S. Treasury Department and the Board of Governors of the Federal Reserve System. This information has been supplemented and updated with transactions data from the Treasury International Capital (TIC) reporting system to present information on U.S. foreign portfolio investment as of December 31, 1999, whenever possible.

The 1997 benchmark survey collected detailed information at the individual security level for equity and long-term debt (original term-to-maturity in excess of one year) securities. It is therefore possible to present findings from the survey in a wide variety of ways, such as by country, type of security, currency, remaining term to maturity, industry, and so forth. The TIC system, however, collects information only by country and security type (equity or debt); thus, the more recent information presented as of year-end 1999 is not as detailed as the information presented as of year-end 1997.

The 1997 survey was the second such survey conducted by the United States.² The previous survey collected data as of March 31, 1994. The United States began to conduct these surveys as the level of U.S. investment in foreign securities started to grow significantly in the 1990s. The next such survey will collect data as of year-end 2001. The United States plans to conduct portfolio asset surveys at least once every three years starting with the 2001 survey.

The 1997 survey was part of an internationally coordinated effort under the auspices of the International Monetary Fund (IMF).³ Twenty-nine countries, including most of the industrial countries, participated in the survey.⁴ This coordinated effort was undertaken primarily because there was a wide discrepancy between worldwide measured portfolio assets and worldwide measured portfolio liabilities, with reported liabilities greatly exceeding reported assets. A major

1. Portfolio investment is defined as ownership or control, by one person or an affiliated group, of less than 10 percent of the voting equity of a business enterprise.

2. The Treasury Department conducted a survey during World War II of all foreign assets owned by U.S. residents as of May 1943. Though this survey measured portfolio investment as well as other forms of investment, it is sufficiently removed in time and different in purpose that it is fair to state that the 1994 survey is the first of its kind. For the 1994 survey results, see Department of the Treasury, *1994 Benchmark Survey of U.S. Ownership of Foreign Securities*, July 1998.

3. International Monetary Fund, *Results of the 1997 Coordinated Portfolio Investment Survey*, January 31, 2000.

4. Participating countries were Argentina, Australia, Austria, Belgium, Bermuda, Canada, Chile, Denmark, Finland, France, Iceland, Indonesia, Ireland, Israel, Italy, Japan, Malaysia, the Netherlands, New Zealand, Norway, Portugal, Singapore, South Korea, Spain, Sweden, Thailand, the United Kingdom, the United States, and Venezuela.

reason for the asset undercount was perceived to be that many countries had been placing greater emphasis on measuring portfolio liabilities than on measuring portfolio assets out of concern that foreign investment in their economies might expose them to influences beyond their direct control. Typically, the world's major industrial countries have begun to conduct portfolio asset surveys only during the past ten years, and many have begun their efforts as a result of the coordinated survey. The U.S. asset survey as of year-end 2001 will also be part of an IMF-coordinated effort. This survey will measure U.S. holdings of both long-term and short-term securities

The primary reason for conducting portfolio asset surveys is to determine the level of U.S. holdings of foreign securities. The TIC reporting system measures purchases and sales of foreign securities on a monthly basis. In theory, all such transactions are measured by this system, as U.S. regulations require that all major transactions in foreign securities should be reported to the TIC reporting system. However, as international communications have become more efficient and less expensive, this has enabled an ever-increasing number of U.S. investors to participate directly in foreign securities markets. As the number of intermittent, less-predictable participants has increased, the likelihood that some transactions will not be recorded also has increased. The results of the past two asset surveys seem to indicate this, as the 1994 survey measured foreign holdings some 60 percent higher than predicted based on price-adjusted and exchange-rate-adjusted TIC transactions data, and the 1997 survey measured holdings 21 percent higher. These survey findings have had the effect of reducing the estimated deficits in the U.S. balance of payments accounts and international investment position. The U.S. international investment position was revised as of year-end 1997 as a result of the survey, such that the U.S. net debtor position was decreased \$293 billion. The U.S. balance of payments deficit for 1997 was reduced more than \$10 billion as a result of the survey because of increased estimates of interest and dividends received from foreign securities by U.S. residents.

Chapter 1 of this report presents the 1997 survey findings. Chapter 2 combines these data with price-adjusted and exchange-rate-adjusted TIC transactions data to present estimated U.S. holdings of foreign securities as of year-end 1999. Chapter 3 discusses survey methodology. Appendix A presents a variety of statistics not elsewhere included in the report. Appendix B contains a copy of the forms and instructions used by the survey.

The Treasury Department and the Federal Reserve Board wish to express their appreciation to all survey respondents whose efforts and information have made this report possible.

Chapter 1. Findings from the 1997 Survey

The data presented in this chapter are drawn primarily from the survey of U.S. holdings of foreign long-term securities (original term to maturity of more than one year) conducted as of December 31, 1997. Data from the previous such survey--conducted as of March 31, 1994--are also frequently included. In all tables in this report, components may not sum to totals because of rounding.

Level of Investment by Country and Type of Security

Table 1 shows U.S. foreign portfolio investment in long-term securities by country and type of investment (equity or debt). One hundred sixty-four countries attracted at least some U.S. investment. The table shows only those regions that attracted at least \$500,000 in U.S. investment.

The table shows a strong preference by U.S. investors for foreign equity securities as opposed to debt securities, with \$1,208 billion invested in equities and \$547 billion invested in debt securities. The previous survey showed a similar preference on the part of U.S. investors, with more than 65 percent of measured investment occurring in equities. This is in marked contrast to the pattern of foreign portfolio investment in the United States as of December 31, 1997, when only 33 percent of foreign investment is in equity securities.⁵

However, U.S. investors have not always preferred foreign equities over debt securities. The survey conducted by the United States during World War II found that equities accounted for only 38 percent of U.S. foreign securities holdings. Bringing these figures forward to 1984 by using price- and exchange-rate-adjusted transactions data showed that in 1984 only 29 percent of U.S. foreign securities holdings were in equities. But after 1984, U.S. investors began to favor foreign equities over debt securities, and by 1987, the levels of debt and equity held were essentially equal.

Though U.S. portfolio investment is widespread, it is also highly concentrated, with approximately 67 percent of total investment occurring in only ten countries. Table 2 shows U.S. investment in these ten countries. Five countries attracted more than \$100 billion in U.S. investment; twenty-seven countries had at least \$10 billion; and fifty-four countries had at least \$1 billion.

The United Kingdom was the country of choice for U.S. investors as of the date of the survey, with some \$272 billion in U.S. investment. Canada finished a distant second with \$177 billion in U.S. investment, followed by Japan, the Netherlands, and Germany.

5. See U.S. Department of the Treasury, *Report on Foreign Portfolio Investment in the United States as of December 31, 1997*.

1. U.S. Holdings of Foreign Long-Term Securities, by Country and Type of Security, as of December 31, 1997

Millions of dollars

Country or entity	Total	Equity	Debt	Country or entity	Total	Equity	Debt
Albania	32	0	32	Costa Rica	165	0	165
Andorra	14	5	9	Cote d'Ivoire	459	2	456
Argentina	38,567	12,892	25,675	Croatia	496	126	370
Aruba	22	11	11	Cyprus	322	120	202
Australia	46,999	31,120	15,879	Czech Republic	809	763	45
Austria	5,662	3,707	1,954	Denmark	16,758	8,917	7,841
Bahamas	911	568	342	Dominica	2	2	0
Bangladesh	7	7	0	Dominican Republic	87	0	87
Barbados	17	1	16	Ecuador	2,032	98	1,934
Belarus	3	1	2	Egypt	832	763	69
Belgium	9,169	6,099	3,070	El Salvador	50	39	12
Belize	34	29	5	Estonia	27	17	10
Bermuda	26,607	22,617	3,989	Finland	20,715	14,785	5,930
Bolivia	12	0	12	France	99,752	85,019	14,733
Bosnia and Herzegovina	3	0	3	Gambia	32	0	32
Botswana	148	131	16	Germany	108,414	64,965	43,449
Brazil	51,656	31,338	20,318	Ghana	358	358	0
British Virgin Islands	1,139	698	440	Greece	2,741	1,513	1,228
Bulgaria	1,310	0	1,310	Guadeloupe	1	0	1
Burma	142	3	139	Guatemala	193	2	191
Cambodia	1	1	0	Guernsey	450	378	72
Cameroon	4	0	4	Honduras	17	0	17
Canada	177,473	70,798	106,675	Hong Kong	31,628	28,102	3,526
Cayman Islands	19,247	5,612	13,635	Hungary	4,846	3,483	1,363
Chile	8,127	4,555	3,571	Iceland	309	3	306
China	5,434	2,256	3,178	India	8,138	6,176	1,962
Colombia	4,163	704	3,458	Indonesia	4,344	2,488	1,857
Comoros	21	2	19	International organizations	16,975	10	16,965
Congo (Brazzaville)	13	0	13	Ireland	17,609	14,090	3,519
Cook Islands	1	1	0	Isle of Man	9	9	0

1. U.S. Holdings of Foreign Long-Term Securities, by Country and Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	Equity	Debt	Country or entity	Total	Equity	Debt
Israel	12,298	7,036	5,262	New Caledonia	1	1	0
Italy	59,171	41,547	17,624	New Zealand	8,817	5,311	3,506
Jamaica	329	3	326	Nicaragua	76	0	76
Japan	166,758	136,404	30,354	Norway	14,267	9,493	4,773
Jersey	1,555	1,517	37	Pakistan	1,521	1,180	341
Jordan	218	40	179	Palau	1	0	1
Kazakhstan	121	1	120	Panama	6,594	3,556	3,039
Kenya	36	19	17	Papua New Guinea	174	165	9
Kiribati	24	0	24	Paraguay	81	0	81
Korea (South)	15,262	4,428	10,834	Peru	3545	2,341	1,203
Latvia	4	4	0	Philippines	7,326	2,848	4,479
Lebanon	814	133	680	Poland	4,495	1,618	2,877
Lesotho	73	70	3	Portugal	8,233	6,993	1,240
Liberia	1,400	924	476	Romania	211	4	207
Liechtenstein	5	5	0	Russia	12,153	8,457	3,696
Lithuania	41	14	27	Sao Tome and Principe	33	0	33
Luxembourg	8,289	5,345	2,944	Senegal	7	4	3
Macedonia	20	0	20	Serbia and Montenegro	13	0	13
Madagascar	2	1	1	Seychelles	54	8	46
Malaysia	9,077	4,713	4,365	Sierra Leone	1	1	0
Malta	148	0	148	Singapore	10,735	10,185	550
Marshall Islands	35	0	35	Slovakia	184	87	97
Mauritius	730	65	666	Slovenia	224	56	168
Mexico	63,752	34,965	28,786	Somalia	6	3	3
Moldova	39	0	39	South Africa	12,541	9,937	2,604
Morocco	561	217	344	Spain	32,146	25,223	6,922
Namibia	132	130	2	Sri Lanka	193	133	60
Nauru	1	1	0	Suriname	46	46	0
Netherlands	120,150	106,984	13,166	Swaziland	1	1	0
Netherlands Antilles	17,002	15,809	1,193	Sweden	51,886	38,783	13,102

1. U.S. Holdings of Foreign Long-Term Securities, by Country and Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	Equity	Debt	Country or entity	Total	Equity	Debt
Switzerland	63,141	61,897	1,243	United Kingdom	271,680	217,525	54,155
Taiwan	6,227	4,939	1,288	Unknown country	781	335	446
Thailand	5,623	2,158	3,466	Uruguay	612	15	598
Tokelau Islands	20	0	20	Venezuela	7,827	1,975	5,852
Tonga	50	0	50	Vietnam	37	0	37
Trinidad and Tobago	464	1	463	Zambia	9	7	2
Tunisia	280	0	280	Zimbabwe	169	133	36
Turkey	7,011	6,005	1,005	African oil exporters ¹	843	61	782
Turks and Caicos Islands	420	384	35	Middle East oil exporters ²	515	84	430
Uganda	1	1	0				
Ukraine	91	61	29	Total	1,755,014	1,207,787	547,228

1. Algeria, Gabon, Libya, and Nigeria.

2. Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

In this report, data for Hong Kong are presented separately from those for China, and data for the islands of Jersey, Guernsey, and the Isle of Man are presented separately from those of the United Kingdom. U.S. holdings of debt issued by international organizations represent issues primarily of the International Bank for Reconstruction and Development (World Bank), the Inter-American Development Bank, the African Development Bank, and the European Investment Bank.

U.S. Portfolio Investment by Country in Descending Order

Geography obviously influences the pattern of U.S. foreign investment, with both Canada and Mexico attracting a greater percentage of U.S. investment than would be expected based solely on the size of their capital markets. The level of U.S. investment in Canadian debt securities is noteworthy, as the \$107 billion figure represents approximately 20 percent of U.S. foreign debt holdings. This is strongly influenced by the tendency of Canadian institutions to issue their debt securities directly in the United States. Approximately \$68 billion of the Canadian debt figure represents securities issued directly in the United States, the majority of which were denominated in U.S. dollars.

2. U.S. Holdings of Foreign Long-Term Securities, by Type of Security, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997

Billions of dollars except as noted

Country	Total	Equity	Debt	Rank according to market capitalization
United Kingdom	272	218	54	2
Canada	177	71	107	7
Japan	167	136	30	1
Netherlands	120	107	13	8
Germany	108	65	43	3
France	100	85	15	5
Mexico	64	35	29	17
Switzerland	63	62	1	6
Italy	60	42	18	10
Sweden	52	39	13	13
Rest of world	573	348	224	...
Total	1,755	1,208	547	...

... Not applicable.

The Netherlands also appears higher on the list than might be expected. This again is strongly influenced by the presence of U.S.-traded securities. Many of the largest American Depositary Receipt (ADR) programs represent shares of Dutch companies, and nearly half of the \$107 billion in U.S.-owned Dutch equities represents holdings of ADRs.⁶

The ratio of U.S. holdings of Swiss equity (\$62 billion) to Swiss debt (\$1 billion) is striking. This pattern reflects the fact that relatively little debt has been issued by Swiss firms and Swiss governmental organizations, whereas the Swiss equity market is one of the largest in the world.

The United Kingdom was by far the first choice of U.S. international investors as of the end of 1997, but as table 3 shows, Japan was the country of choice at the time of the previous asset survey, on March 31, 1994.

6. American Depositary Receipts (ADRs) are receipts for shares of stock in foreign companies that are held in a custodial account by or for a U.S. bank. These receipts are traded on U.S. exchanges in U.S. dollars. ADRs entitle the owners to all dividends, capital gains or losses, and voting rights, just as if the underlying shares were owned directly.

Level of Investment by Country, 1994 and 1997

Table 3 shows the rapid growth of U.S. portfolio holdings abroad during the March 1994 to December 1997 period, with U.S. portfolio investment more than doubling in nominal terms over forty-five months. It also shows significant changes in the placement of U.S. portfolio assets, with Japan losing the position it held in 1994 as the country of choice for U.S. portfolio investors. In general, Europe attracted a greater share of U.S. investments in 1997, with the percentage share of total U.S. foreign investments increasing in six of the seven European countries that appear in the table. Also, the pattern of U.S. investment was more diversified in 1997, as the percentage of total U.S. investment placed in countries and regions other than the ten leading countries increased over this period from 27.5 percent to 32.6 percent.

3. U.S. Holdings of Foreign Long-Term Securities for the Top Ten Countries of Investment and the Rest of the World, as of March 31, 1994, and December 31, 1997

Billions of dollars except as noted

Country	Amount invested		Rank		Percentage of total	
	1997	1994	1997	1994	1997	1994
United Kingdom	272	120	1	2	15.5	13.7
Canada	177	108	2	3	10.1	12.4
Japan	167	131	3	1	9.5	15.1
Netherlands	120	48	4	6	6.8	5.5
Germany	108	48	5	5	6.2	5.5
France	100	42	6	7	5.7	4.8
Mexico	64	52	7	4	3.6	6.0
Switzerland	63	21	8	12	3.6	2.4
Italy	60	32	9	8	3.4	3.7
Sweden	52	22	10	11	3.0	2.5
Rest of world	573	239 ¹	32.6	27.5 ¹
Total	1,755	870	100	100

... Not applicable.

1. The amount and percentage for "rest of world" were computed using all but the top ten countries as of the 1994 survey rather than the top ten countries as of year-end 1997.

The order in which countries are ranked changed quite a bit during the period between the two surveys; this was due in large part to the performance of local equity markets rather than to changes in the patterns of U.S. investments. Much of the change in rank order was due to Japan's drop from first to third position and Mexico's drop from fourth to seventh. The average share prices in Japan and Mexico decreased during this period, whereas those of Canada and the European countries in table 3 increased significantly.

The rise in the value of U.S. foreign holdings raises the question of the extent to which this increase is attributable to increased net investments rather than to changes caused by adjustments for price or exchange rate or both to existing assets. This question is somewhat difficult to answer because, as mentioned in the introduction, when the accumulated flows since the 1994 survey are adjusted for price and exchange rate and added to the 1994 survey levels, the result is a figure 21 percent lower than the level measured by the 1997 survey. Thus, either the transactions data undercount, or the survey overcounts, or both. Table 4 shows the levels of equity and debt measured by the two surveys; the measured transactions in the period between the two surveys; the applicable price and exchange rate adjustments as computed by the Commerce Department's Bureau of Economic Analysis (BEA); the resulting year-end 1997 position derived by adding the transactions and price adjustments to the 1994 survey results; and the resulting unexplained difference between the estimated and the measured 1997 figures.

4. U.S. Holdings of Foreign Long-Term Securities, by Positions, Adjusted Transactions, and Resulting Differences, as of March 31, 1994, and December 31, 1997

Billions of dollars

Type of security	1994 measured	1994-97		1997		
		Net transactions	Valuation adjustments ¹	Estimated	Measured	Difference
Debt	304	159	-18	445	547	102
Equity	567	179	255	1,001	1,208	207
Total	870	338	238	1,446	1,755	309

1. Adjustments for price and exchange rate as computed by BEA.

The table shows that net adjustments to debt were negative; thus all gains in U.S. holdings of foreign debt securities were the result of net purchases during the intersurvey period. For equities, however, there was a significant upward adjustment in the value of these holdings.

As previously stated, the 1994 survey also measured significantly larger holdings of foreign securities by U.S. residents than the value-adjusted transactions data indicated.

U.S. Foreign Portfolio Investment Compared with Foreign Portfolio Investment in the United States

Both foreign portfolio investment in the United States and U.S. portfolio investment abroad are growing very rapidly; however, foreign portfolio investment in the United States still exceeds U.S. foreign investment by a significant margin (table 5).

Though some of the increase in these cross-border investment figures represents price appreciation, there was also significant new net investment. With respect to foreign investment in the United States, the foreign-held share of U.S. equities increased over the March 1994 to December 1997 period from 5.6 percent to 6.3 percent of the total amount outstanding; and the foreign-held share of U.S. Treasury securities increased over the same period from 19.4 percent to 38.4 percent of the total amount outstanding. Overall, foreigners increased their ownership of total U.S. securities outstanding from 8.9 percent to 12.0 percent during this period.

5. U.S. Holdings of Foreign Long-Term Securities and Foreign Holdings of U.S. Long-Term Securities, 1984-97

Billions of dollars except as noted

Year	U.S. holdings of foreign securities	Average annual percentage increase	Foreign holdings of U.S. securities	Average annual percentage increase
1984	89	...	268	...
1989	314	28.7	847	25.9
1994	870	23.1	1,244	8.0
1997	1,755	25.4	2,806	31.2

U.S. Investment in Foreign Equity Securities

Table 6 shows the leading countries for U.S. equity investment, along with the amount of this investment represented by foreign equities that trade in the United States.

Clearly the propensity for the shares of foreign companies to trade in U.S. securities markets varies widely by country. Canada, the Netherlands, and Mexico have led the way in this respect. Canada represents very much of a special case, however, because the U.S. and Canadian securities exchanges are so closely linked as to create almost a single, integrated market.

The list in table 6 consists of the same ten countries in which U.S. investors placed the most overall portfolio investment shown in table 2, though the order has changed. Canada is fifth on this list but second overall.

6. U.S. Holdings of Foreign Equities, by Country of Investment, Amount Held, and Amount Held in U.S.-Traded Securities, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997

Billions of dollars except as noted

Country	Equity	U.S.-traded	Percentage U.S.-traded	ADRs ¹	Non-ADRs ¹
United Kingdom	218	61	28	59	2
Japan	136	14	10	6	8
Netherlands	107	59	55	53	6
France	85	14	16	13	*
Canada	71	50	71	0	50
Germany	65	5	8	5	1
Switzerland	62	7	11	7	0
Italy	42	4	9	4	0
Sweden	39	10	27	10	0
Mexico	35	18	51	17	1
Rest of world	348	117	33	75	41
Total	1,208	358	30	249	110

* Less than 0.5.

1. ADR American Depositary Receipts.

U.S. Investment in Foreign Debt Securities

Table 7 shows the leading countries for U.S. investment in foreign debt securities, the amount of this investment represented by foreign debt securities issued in the United States, and the amount denominated in U.S. dollars.

Here we see a very different country list, with Argentina, Brazil, Australia, and international organizations appearing. Canada easily leads the list, in large measure because many Canadian debt securities are issued in the United States and are denominated in U.S. dollars. U.S. holdings of the debt of neighboring Canada and Mexico showed a much stronger tendency to be issued in the United States than was true for the other countries in this table.

U.S. investors showed a clear preference for U.S. dollar-denominated debt from the emerging- market countries. Approximately 88 percent of the debt issued by Mexico, Argentina, and Brazil combined was denominated in U.S. dollars, whereas only 41 percent of the debt held from the six developed countries in table 7 was denominated in U.S. dollars.

7. U.S. Holdings of Foreign Long-Term Debt Securities, by Country, Amount Held, Amount Held Issued in the United States, and Amount Denominated in U.S. Dollars, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997

Billions of dollars

Country or entity	Debt	Issued in U.S.	Denominated in U.S. dollars
Canada	107	68	61
United Kingdom	54	7	27
Germany	43	1	4
Japan	30	1	4
Mexico	29	11	26
Argentina	26	8	22
Brazil	20	2	18
Italy	18	3	5
International organizations	17	1	13
Australia	16	2	8
Rest of world	187	43	127
Total	547	147	315

U.S. Investment in Foreign Securities: Total and Amounts Traded in the United States

Table 8 shows U.S. ownership by country of foreign securities, the amount and percentage of these securities that trade on U.S. exchanges, and the amounts of U.S.-traded equity and debt.

A substantial \$506 billion, or 29 percent, of all U.S. investment in foreign securities occurred in U.S.-traded securities. For some countries, such as Canada and the Netherlands, the majority of U.S. investment was in U.S.-traded issues. For many other countries the percentage was very small.

Overall, 30 percent of U.S. holdings of foreign equities and 27 percent of U.S. holdings of foreign debt traded on U.S. exchanges.

8. U.S. Holdings of Foreign Long-Term Securities, by Country, Amount Held, and Amount Traded in the United States, for the Top Ten Countries of Investment and the Rest of the World, as of December 31, 1997

Billions of dollars except as noted

Country	Total	U.S.-Traded			
		Total	Percentage	Equity	Debt
United Kingdom	272	68	25	61	7
Canada	177	118	67	50	68
Japan	167	15	9	14	1
Netherlands	120	62	52	59	3
Germany	108	6	6	5	1
France	100	15	15	14	1
Mexico	64	29	45	18	11
Switzerland	63	7	11	7	0
Italy	59	7	12	4	3
Sweden	52	13	25	10	2
Rest of world	573	166	29	117	50
Total	1,755	506	29	358	147

U.S. Investment by Type of Market

Table 9 shows U.S. investment levels as of March 31, 1994, and December 31, 1997, in three different types of markets: developed countries, emerging-market countries, and Caribbean financial centers. All amounts are in billions of dollars.

Investment in the twenty-two developed countries accounted for the bulk of U.S. foreign investment at both dates, with 80 percent and 76 percent of the total in 1994 and 1997, respectively. The emerging markets increased their share of the total from 16 percent to 19 percent over this period. However, their share of total U.S. portfolio investment in equities decreased over the same period, from 16 percent of the total to 14 percent. As of the 1997 survey date, 73 percent of U.S. investment in developed countries was in equity securities, whereas only 50 percent of U.S. investment in emerging markets was in equities.

Securities issued through the Caribbean financial centers represent primarily activity of organizations in developed countries that issue in these countries for convenience or tax advantage.

9. U.S. Holdings of Foreign Long-Term Securities in Developed Countries, Emerging Markets, and the Caribbean Financial Centers, as of March 31, 1994, and December 31, 1997

Billions of dollars

Market	1994			1997		
	Total	Equity	Debt	Total	Equity	Debt
Developed countries ¹	693	454	240	1,342	986	357
Emerging markets	143	88	56	341	171	168
Caribbean financial centers ²	34	25	8	72	51	22
Total	870	567	304	1,755	1,208	547

1. Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland, and the United Kingdom.
2. Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Netherlands Antilles, and Panama.

U.S. Investment by Continent

Table 10 shows a rather stable pattern of U.S. investment by continent between the two dates, with the only noteworthy change being the 8 percent increase in Europe's share over the period, largely at the expense of Asia's share. On both dates, 95 percent of total U.S. investment was accounted for by Europe, Asia, and the Americas. In Africa, the preponderance of U.S. investment was in South Africa, which attracted \$13 billion of the total of \$19 billion invested in the continent. The Australia and Oceania line is composed primarily of investment in Australia and New Zealand.

In Europe and Asia the preponderance of U.S. investment is in equities, whereas in the Americas, equity and debt are roughly equal.

10. U.S. Holdings of Foreign Long-Term Securities, by Continent, as of March 31, 1994, and December 31, 1997

Billions of dollars except as noted

Continent or entity	1997				1994			
	Total	Equity	Debt	Percentage	Total	Equity	Debt	Percentage
Europe	945	736	209	54	401	271	127	46
Americas ¹	431	209	222	25	233	121	112	27
Asia	286	213	73	16	191	150	42	22
Africa	19	13	6	1	6	4	2	1
Australia and Oceania	56	37	20	3	33	21	12	4
International organizations	17	0	17	1	10	0	10	1
Total	1,755	1,208	547	100	870	567	304	100

1. North America, South America, Central America, and the Caribbean (including Bermuda).

U.S. Investment in Foreign Debt Securities by Currency of Denomination

Table 11 shows the currency of denomination for foreign debt securities held by U.S. residents. The amounts presented total only to \$527 billion for 1997 because accurate information about the currency of the remaining \$20 billion of U.S. foreign-held debt was not available.

11. U.S. Holdings of Foreign Long-Term Debt Securities, by Currency of Denomination, as of March 31, 1994, and December 31, 1997

Billions of dollars except as noted

Currency	1997		1994	
	Amount	Percentage	Amount	Percentage
U.S. dollar	315	59.8	145	47.7
Canadian dollar	42	8.0	21	5.9
German mark	40	7.6	22	7.2
Japanese yen	30	5.7	30	10.0
U.K. pound	26	4.9	13	4.3
Italian lira	13	2.5	13	4.5
Australian dollar	8	1.5	6	2.1
French franc	8	1.5	12	3.9
Danish krone	6	1.1	7	2.3
Spanish peseta	5	1.0	10	3.4
Other currencies	34	6.5	25	6.7
Total	527	100	304	100

In both surveys, U.S. investors showed a strong preference for foreign debt securities denominated in U.S. dollars, with the percentage increasing to 60 percent in 1997 from 48 percent in 1994. U.S. investment became increasingly concentrated in the currencies of the world's four largest economies (United States, United Kingdom, Japan, and Germany) and neighboring Canada, with more than 86 percent of the total denominated in these currencies as of year-end 1997. The total concentrated in the top ten currencies (all developed countries) rose from 92.3 percent in 1994 to 93.5 percent in 1997. In total, 97.5 percent of U.S. investment was denominated in the currencies of the twenty-one developed countries identified in table 9 (footnote 1) or in U.S. dollars.

Maturity Structure of U.S. Foreign Debt Holdings

Table 12 presents the maturity structure of U.S.-owned foreign-held debt securities. Data from the 1994 survey are not available at the same level of detail as that in the 1997 survey and are therefore presented only in five-year increments. Information about maturity dates was available for \$504 billion of the \$547 billion in foreign debt held by U.S. investors.

12. U.S. Holdings of Foreign Long-Term Debt Securities, by Remaining Term to Maturity, as of December 31, 1997

Billions of dollars except as noted

Remaining term to maturity (years)	1997		1994 Percent of total	Remaining term to maturity (years)	1997		1994 Percent of total
	Amount	Percent of total			Amount	Percent of total	
One or less	25	5.0	36.1	9-10	47	9.3	34.0
1-2	37	7.3		5-10	181	36.0	
2-3	33	6.6		10-15	29	5.8	
3-4	42	8.3		15-20	32	6.3	
4-5	52	10.4		10-20	61	12.1	
5 or less	190	37.6		20-25	21	4.2	
5-6	34	6.6		25-30	39	7.6	
6-7	34	6.7		20-30	59	11.8	
7-8	30	5.9		More than 30 ¹	13	2.6	
8-9	38	7.4					

1. Excludes perpetual bonds.

The maturity structure of U.S.-owned foreign-debt holdings was quite similar at the two survey dates, although the average maturity shortened slightly, with 74 percent of all holdings in 1997 maturing in ten years or less compared with 70 percent in 1994. Investment is distributed fairly evenly in securities that mature in ten years or less and falls off sharply beyond ten years

U.S. Holdings of Foreign Private and Government Debt

In table 13, “government” refers to issues of the central government as well as those of local and provincial governments. The debt of government-sponsored corporations and other quasi-governmental organizations are included in the private column.

13. U.S. Holdings of Foreign Long-Term Debt Securities, by Country and Sector of Issuer, as of December 31, 1997

Billions of dollars

Country	Total	Government	Private
Canada	106	63	43
United Kingdom	54	20	34
Germany	43	34	9
Japan	30	16	14
Mexico	29	11	18
Argentina	25	14	11
Brazil	20	8	12
Italy	18	16	2
Australia	16	8	7
France	15	7	8
Rest of world	187	83	105
Total	543	280	263

Note: The debt figures given above are less than the total amount of debt measured by the survey as only debt for which the issuer sector was known is included in this table.

U.S. investors held approximately equal amounts of foreign private and government debt issues. For the leading countries shown in table 13, the percentages did not vary significantly by region, and both developed and emerging countries showed the same general distribution. Notable exceptions were Italy and Germany, where U.S. investors held primarily government debt securities. In 1994, U.S. investors showed a stronger preference for foreign government securities, holding 62 percent of their foreign debt in that form, compared with 52 percent in 1997.

U.S. Ownership of Foreign Securities by Industry

Unfortunately, the survey had difficulty obtaining information about the industry classification of many foreign securities. Overall, information was available for only 60 percent of the total value of U.S.-held foreign securities. Thus, the classification presented in table 14 may well present a somewhat misleading picture, as the securities that attracted the most U.S. investment were researched with greater effort than those attracting less attention. Some industries have large, well-known companies that attract a great deal of investment and are correspondingly easy to classify. Other industries, characterized by many smaller, less well known firms, received less attention and were more likely to remain uncategorized.

Industry category information was available for 57 percent of equity securities. Of these categorized equities, more than 40 percent of the total was concentrated in four areas: oil and gas extraction (\$86 billion), wired and cellular communications (\$76 billion), depository institutions (primarily banks, \$65 billion), and pharmaceuticals and medicines (\$59 billion).

Approximately 69 percent of the total U.S.-held debt securities were categorized by industry. Of these, almost 80 percent were easily classified issues of governmental organizations. The vast majority of the government debt was issued by foreign central governments. Almost all of the unclassified debt was issued by the foreign private sector.

14. U.S. Holdings of Foreign Long-Term Securities, by Industry, as of December 31, 1997

Billions of dollars

Industry	Total	Equity	Debt
Manufacturing	238	226	12
Aerospace	2	2	*
Beverages	15	14	1
Cars and trucks	19	18	1
Chemicals	17	16	1
Clothing, textiles, and shoes	4	4	*
Computers and related products	4	4	*
Construction equipment	5	5	*
Electrical and electrical equipment except computers	39	37	2
Food and kindred products	14	14	*
Industrial machinery	4	4	*
Lumber and wood products	1	*	1
Paper and allied products	8	7	1
Petroleum refining and related industries	7	5	2
Pharmaceuticals and medicines	59	59	*
Printing and publishing equipment	1	1	*
Rubber and plastic products	3	2	*
Steel	5	5	1
Tobacco products	6	6	*
Miscellaneous manufacturing	25	23	2
Transportation and utilities	59	41	18
Air transportation	4	4	*
Ground transportation	1	1	*
Rail transportation	4	3	1
Water transportation	4	4	1
Electrical power generation and transmission	31	19	12
Oil and natural gas distribution	11	8	3
Other transportation and utilities	4	3	1
Financial services	140	109	31
Depository institutions (banks, etc.)	90	65	25
Nondepository credit institutions	11	7	4
Mutual funds, investment trusts, etc.	2	2	0
Securities and commodities brokers and dealers	2	2	*
Insurance companies	31	30	1
Other financial services	4	3	1

Industry	Total	Equity	Debt
Agriculture and mining	102	96	5
Agriculture, forestry, and fishing	*	*	*
Coal mining	*	*	*
Oil and gas extraction	90	86	4
Metal mining	7	6	1
Nonmetallic minerals, except oil	5	4	*
Communications and information processing	131	121	10
Computer software development	7	7	0
Information and data processing services	4	4	1
Motion picture and sound recording industry	1	1	*
Printing and publishing	1	11	*
Television and radio	12	8	3
Wired and cellular communications	80	76	4
Satellite communications	10	9	1
Other communications and information processing	6	6	*
Trade	18	18	*
Wholesale trade	1	1	*
Retail trade (department stores, grocery stores, etc.)	17	16	*
Government	294	0	294
Federal	227	0	227
Local	45	0	45
Government-sponsored enterprises	5	0	5
International organizations	18	0	17
Miscellaneous	77	72	5
Multi-industry conglomerates	41	38	2
Construction	7	6	1
Health services	2	2	0
Hotels, motels, restaurants	3	3	*
Professional and technical services	10	10	*
Real estate companies	7	7	1
Research	1	1	0
Other	6	5	1
Unknown	696	525	172

* Less than 0.5.

Chapter 2. U. S. Holdings of Foreign Long-Term Securities as of December 31, 1999

In this chapter, data from the 1997 survey have been combined with transactions data collected by the Treasury and Commerce Departments. These data have been adjusted for price and exchange rate changes to present the estimated level of U.S. portfolio investment abroad as of year-end 1999. The transactions data are available only by country, split into equity and debt; thus, many of the tables presented in the preceding chapter cannot be replicated as of year-end 1999.

Table 15 shows the overall growth of U.S.-owned foreign long-term securities as well as the change in the levels of U.S.-owned equity and debt securities.

The value of U.S.-owned foreign equities has increased significantly over the two-year period, while the value of U.S.-owned foreign debt has decreased. However, as can be seen in the table, the increase was not due to transactions by U.S. residents so much as to valuation changes in these instruments. This continues the trend experienced during the period between the March 1994 survey and the December 1997 survey, when the valuation adjustments to foreign-held equities increased strongly while the valuation adjustments to foreign debt securities decreased (see table 4).

15. U.S. Holdings of Foreign Long-Term Securities, Net Transactions, and Changes in Percentage and Valuation, by Type of Security, as of December 31, 1997 and 1999

Billions of dollars except as noted

	1997	1999	1997-99		
			Percentage change	Net transactions	Valuation change
Total	1,755	2,456	40	199	502
Equity	1,208	1,925	59	176	541
Debt	547	531	-3	23	-39

16. U.S. Holdings of Foreign Securities, as of December 31, 1997 and 1999

Billions of dollars

Country	1999	1997	1997-99		
			Change	Net transactions	Price and exchange rate adjustments
United Kingdom	394	272	122	72	50
Japan	295	167	128	46	82
Canada	194	177	17	2	14
France	178	100	78	-2	80
Germany	167	108	59	32	27
Netherlands	140	120	20	-8	28
Sweden	90	52	38	*	38
Mexico	72	64	8	6	2
Italy	66	59	7	-6	13
Switzerland	65	63	2	-7	9
Rest of world	795	573	222	64	159
Total	2,456	1,755	701	199	502

* Less than 0.5.

The United Kingdom easily maintained its position as the country of choice for U.S. investors, while Japan moved past Canada and into second place by a wide margin (table 16). France moved from sixth to fourth position, and Sweden moved from tenth to seventh. Both France and Sweden moved up the list primarily because of the very strong performances of their equity exchanges. In fact, U.S. investors were net sellers of French securities during the period.

Only the United Kingdom, Japan, and Germany attracted significant amounts of net investment during the period. The new investment in Japan resulted from increased net portfolio purchases of Japanese equities. In the cases of the United Kingdom and Germany, much of the increase was the result of stock swaps following purchases of U.S. firms by U.K. and German corporations.

17. U. S. Holdings of Foreign Equity Securities, as of December 31, 1997 and 1999

Billions of dollars

Country	1999	1997	1997-99		
			Change	Net transactions	Price and exchange rate adjustments
United Kingdom	334	218	116	61	55
Japan	271	136	135	50	85
France	165	85	80	-2	82
Netherlands	128	107	21	-2	23
Germany	125	65	60	25	35
Canada	95	71	24	-3	27
Sweden	78	39	39	1	38
Switzerland	64	62	2	-6	8
Italy	53	42	11	-4	15
Hong Kong	39	28	11	-1	12
Mexico	38	35	3	*	3
Spain	35	25	10	-3	13
Rest of world	503	295	207	60	148
Total	1,925	1,208	717	176	541

* Less than 0.5.

U.S. holdings of foreign equities increased almost 60 percent during the two-year period, with more than 75 percent of the gain attributable to the rising value of foreign equities rather than to net acquisitions. Both the United Kingdom and Japan experienced net increases in U.S. holdings and significant gains in the value of existing securities held. On the other hand, France and Sweden attracted little or no net equity purchases, but the value of U.S. equity holdings in these countries almost doubled because of valuation gains (table 17).

18. U.S. Holdings of Foreign Long-Term Debt Securities, as of December 31, 1997 and 1999

Billions of dollars

Country	1999	1997	1997-99		
			Change	Net transactions	Price and exchange rate adjustments
Canada	99	107	-8	5	-13
United Kingdom	60	54	6	11	-5
Germany	42	43	-1	7	-8
Mexico	34	29	5	5	*
Argentina	27	26	1	1	*
Japan	24	30	-6	-4	-2
Brazil	21	20	*	*	*
International organizations	17	17	*	*	*
Australia	15	16	-1	1	-2
Italy	13	18	-5	-2	-3
Rest of world	179	187	-7	-1	-6
Total	531	547	-16	23	-39

* Less than 0.5.

Valuation changes depressed the level of U.S. holdings of foreign debt in almost all countries (table 18). This was due to both a strong U.S. dollar and generally rising foreign interest rates. Only four countries (United Kingdom, Mexico, Argentina, and Brazil) showed a net increase on a valuation-adjusted basis over the period. While Canada experienced the largest absolute decline, Italy and Japan had the largest percentage decreases.

The rising value of foreign equities combined with the falling value of foreign debt securities was largely responsible for the rise of the equity-to-debt ratio of U.S. foreign holdings from 69 percent at year-end 1997 to more than 78 percent at year-end 1999. The percentage of equities in U.S. investment in Japan rose from 82 percent to 92 percent over this period.

Chapter 3. Survey Methodology

This survey attempted to be as comprehensive as possible while also being cost effective and imposing a minimum burden on survey respondents. To accomplish these goals, the major sources of data on U.S. holdings of foreign long-term securities (large custodians and institutional investors) were identified and universally included in the survey. Less likely sources (smaller custodians and institutional investors) were sampled. U.S. private individuals were not directly surveyed. However, most holdings of private individuals were captured by the survey, as these investments are typically funneled through U.S. mutual funds or are entrusted to U.S.-resident custodians for safekeeping. Almost all of the survey data were obtained from the major reporters universally covered, with less than 1 percent obtained from the smaller sampled reporters.

Data for the survey were collected at the individual security level. This was done primarily to ensure accuracy, as experience has shown that data quality is frequently problematic in portfolio investment surveys, whether they measure U.S. investment abroad or foreign investment in the United States. Collecting information at the individual security level also allows for more detailed and comprehensive data analysis.

The approach taken by this survey was to collect data primarily from custodians. U.S. investors who entrusted the safekeeping of their foreign securities to U.S. custodians reported only the name(s) of their custodian(s) and the amount(s) entrusted. However, U.S. investors who entrusted foreign securities directly to foreign custodians or who kept custody of foreign securities themselves were required to submit detailed reports on their foreign holdings. Only custodians or end investors with at least \$20 million in foreign securities owned or held in custody were required to report in the survey.

In total, 1,209 firms reported data in this survey, of which 346 reported actual data on foreign holdings and 863 reported the names and amounts that they had entrusted to U.S. custodians. More than 97 percent of the data collected were reported by U.S. custodians, indicating that it is uncommon for U.S. institutional investors to entrust the safekeeping of their foreign securities directly to foreign custodians or to engage in self-custody. Banks were the leading custodians, with 80 percent of the total reported, while broker-dealers reported the other 17 percent held by custodians. In total, 232 different U.S.-resident banks reported custody holdings of foreign securities, of which 79 were branches or subsidiaries of foreign banks. However, these foreign branches and subsidiaries accounted for less than 1 percent of the total custody holdings reported by banks.

A relatively small number of firms dominated the foreign custody business at the end of 1997, with the ten largest respondents reporting 75 percent of the total submitted on the survey. Three institutions reported holdings in excess of \$100 billion in foreign securities held for U.S. residents, and sixteen reported at least \$10 billion.

In some cases, foreign securities are entrusted to U.S. custodians who do not actually engage in the safekeeping of foreign securities. These custodians, in turn, entrust the securities to other U.S.-resident custodians. To avoid double-counting in these instances, the custodians who passed the foreign

securities to other U.S.-resident custodians were instructed to report only the name(s) and amount(s) entrusted rather than report in detail.

Collecting data at the individual security level results in amassing a great deal of data. More than 450,000 records were submitted by survey respondents. Of these records, 370,000 concerned equity securities, and 80,000 debt securities. U.S. investors owned in total at least \$1 billion of 159 different foreign securities and held in aggregate more than \$10 billion in four foreign securities. The foreign security with the greatest level of U.S. ownership attracted \$32 billion in total U.S. investment.

This survey was conducted under the authority of the *International Investment and Trade in Services Survey Act* (22 U.S.C. 3101 et seq.). Reporting on the survey was mandatory, and penalties could have been imposed for noncompliance. Data collected for holdings as of December 31, 1997, were to be reported to the Treasury Department by March 31, 1998. A copy of the survey forms and instructions are found in appendix B.

Problems Encountered

The data received were subjected to extensive analysis and editing before they were accepted as accurate. Frequent, significant problems were encountered with the data. The most common problems involved the currency of denomination for debt securities, unpriced or questionably priced securities, and the submission of data on ownership of instruments other than foreign long-term securities.

All data were requested to be submitted converted into U.S. dollars at the prevailing exchange rates on December 31, 1997. However, many respondents reported some or all of their positions in foreign currency units. In some cases, this problem was simple to detect, as holdings denominated in Italian lire (exchange rate of 1,768 to 1) or Japanese yen (130 to 1) were relatively obvious. However, in some cases there were no data submitted in currencies with a very high ratio of U.S. dollar to foreign currency unit; or some records submitted were converted to U.S. dollars, and others were in foreign currency units, presenting a greater challenge to the survey staff.

Many securities were submitted without prices. In some cases, this presented no problem because an extensive database of foreign securities had been created from commercial sources and the relevant price could frequently be determined from this database or from data submitted by other survey respondents. But there remained many unpriced securities, and a great deal of time and effort were involved in attempting to determine the price of these securities.

In other cases, securities were reported by different respondents with significantly different prices. These discrepancies had to be investigated and the best available price determined.

Many of the records submitted did not represent foreign long-term securities. Short-term securities, loans, and U.S. securities were also frequently reported. A total of 7,000 submitted records, with a value of \$52 billion, were excluded from the survey.

Another complication was that the same foreign security could be reported with different security identification numbers by different survey respondents because many securities trade on exchanges in several countries. One respondent might thus report a security using the U.K. security coding system (SEDOL), while another might use the French security identification code (SICOVAM). To address this problem, a cross-reference database was established that contained all of the codes that a given security used on different exchanges, thus enabling the survey staff to link these records. This database aided in pricing unpriced securities and in determining the best price for a security when multiple prices existed.

Accuracy of the Survey

There is, of course, no way to know with certainty how accurate such a survey is unless one already knows what the final figures should be, in which case conducting the survey has no point. However, the accuracy of the survey can be inferred by examining the survey technique for any inherent biases, evaluating the compiled data to see if they seem reasonable, and comparing the data to any external or internal sources of information that may be available as a point of reference.

The survey as structured has two built-in biases, both of which would tend to cause an undercount. The first, as mentioned previously, is that foreign securities directly owned by private U.S. individuals or by small U.S. institutions (below the size that was sampled) that are not entrusted to U.S.-based custodians were not measured by the survey. This would occur when, for example, a U.S. individual buys Canadian equities on a Canadian securities exchange and entrusts the safekeeping of these securities directly to a Canadian bank. At present, we have no way of knowing the size of such activity but assume that it is relatively small. The United States is part of a group of countries that is exploring ways to measure these holdings. The approach would be for Canadian authorities to measure the holdings of Canadian securities by U.S. individuals and to exchange this information with their U.S. counterparts for similar data on Canadian holdings of U.S. securities by Canadian individuals entrusted to U.S. custodians.

The other downward bias results from the fact that data that should not have been reported on the survey (loans, short-term securities, U.S. securities, etc.) were excluded from the survey results, whereas any data that were not reported on the survey that should have been were typically unknown to the survey staff and thus not included. The size of this effect is unknown. However, as mentioned above, records with a combined market value of \$52 billion (divided equally between equity and debt) were excluded from the survey results because the submitted data did not represent foreign long-term securities.

From a reasonableness perspective, the survey data were reassuring. U.S. investment by country generally increases in step with the size of a country's financial markets. At the individual security level, the largest amounts of investment are concentrated in securities with the greatest market capitalization. Total U.S. investment never reached an excessive share of the total market capitalization of a given security for the major securities on which this check was made. The custodians who were expected to report the highest levels of U.S. foreign investment did so, and the country distribution and security

types held followed expected patterns. The ratio of equity holdings to debt holdings was as expected based on the previous survey and the monthly transactions data.

As discussed in the introduction, the overall level of U.S. holdings of foreign long-term securities measured by this survey exceeded by 21 percent the level that is derived by adding price and exchange rate adjusted transactions data to the level measured by the 1994 survey. However, this result was not unexpected. The prior survey measured a level 60 percent higher than the previously estimated position constructed as mentioned above and as discussed in the introduction.

The survey results also compare well with other available data sources. U.S. investors who entrusted their securities to U.S. custodians reported the name and amount entrusted to each custodian. These figures were totaled and compared with amounts reported by the custodians, and the results indicated that the amounts reported by the custodians were reasonable. The survey results were also compared with data reported to the Securities and Exchange Commission (SEC). Large institutional investment managers are required to report to the SEC their holdings of U.S.-traded equity securities. These securities can trade either as ADRs or non-ADRs. The reports were aggregated to create total U.S. holdings of ADRs and non-ADRs for each country. When compared with survey data, the results were reassuring. For ADRs, the survey results tended to be slightly higher than the SEC data, which is to be expected, since most but not all U.S. holdings would probably be reported by these institutions. In total, the survey reported much larger holdings of foreign equities than were reported to the SEC. However, again this is to be expected because many foreign equities do not trade on U.S. exchanges.

Appendix A. Statistical Tables

A.1. U.S. Holdings of Foreign Long-Term Securities, by Sector of Issuer, as of December 31, 1997

Millions of dollars

Country or entity	Total	Government	Private	Country or entity	Total	Government	Private
Albania	32	7	25	Costa Rica	165	41	124
Andorra	9	1	8	Cote d'Ivoire	456	26	430
Argentina	25,492	14,112	11,380	Croatia	370	205	165
Aruba	11	0	11	Cyprus	202	72	129
Australia	15,770	8,397	7,373	Czech Republic	45	17	29
Austria	1,954	804	1,150	Denmark	7,804	5,886	1,918
Bahamas	342	64	279	Dominican Republic	87	25	62
Barbados	16	4	12	Ecuador	1,934	1,366	569
Belarus	2	0	2	Egypt	69	0	69
Belgium	3,034	2,265	769	El Salvador	11	1	10
Belize	5	0	5	Estonia	10	0	10
Bermuda	3,953	68	3,885	Finland	5,894	2,563	3,331
Bolivia	12	0	12	France	14,623	6,907	7,716
Bosnia and Herzegovina	3	0	3	Gambia	32	0	32
Botswana	17	7	10	Germany	43,155	34,058	9,097
Brazil	20,171	8,189	11,982	Greece	1,228	815	413
British Virgin Islands	440	8	432	Guadeloupe	1	0	1
Bulgaria	1,309	1,041	268	Guatemala	190	147	43
Burma	139	0	139	Guernsey	72	0	72
Cameroon	4	0	4	Honduras	17	12	5
Canada	105,939	62,832	43,107	Hong Kong	3,489	292	3,197
Cayman Islands	13,561	208	13,353	Hungary	1,363	1,152	211
Chile	3,535	202	3,333	Iceland	306	81	225
China	3,141	1,534	1,607	India	1,962	243	1,719
Colombia	3,421	1,337	2,084	Indonesia	1,857	259	1,598
Comoros	19	10	9	International organizations	16,975	16,975	0
Congo (Brazzaville)	13	2	11	Ireland	3,483	1,818	1,665

**A.1. U.S. Holdings of Foreign Long-Term Debt Securities, by Sector of Issuer, as of
December 31, 1997 (Continued)**

Millions of dollars

Country or entity	Total	Government	Private	Country or entity	Total	Government	Private
Israel	5,262	3,563	1,699	Pakistan	341	219	122
Italy	17,514	15,652	1,862	Palau	1	0	1
Jamaica	326	236	91	Panama	3,002	1,848	1,154
Japan	30,134	16,458	13,676	Papua New Guinea	9	9	0
Jersey	37	0	37	Paraguay	81	0	81
Jordan	178	126	52	Peru	1,203	673	530
Kazakhstan	120	63	57	Philippines	4,442	1,217	3,225
Kenya	17	14	3	Poland	2,877	2,448	429
Kiribati	24	0	24	Portugal	1,240	1,055	185
Korea (South)	10,466	911	9,555	Romania	206	89	117
Lebanon	680	438	243	Russia	3,659	1,843	1,816
Lesotho	3	3	0	Sao Tome and Principe	33	0	33
Liberia	476	44	432	Senegal	3	0	3
Lithuania	26	11	15	Serbia and Montenegro	13	1	13
Luxembourg	2,944	355	2,589	Seychelles	46	0	46
Macedonia	20	6	14	Singapore	549	62	487
Madagascar	1	0	1	Slovakia	97	2	95
Malaysia	4,328	161	4,167	Slovenia	168	70	98
Malta	148	0	148	Somalia	3	0	3
Marshall Islands	35	9	26	South Africa	2,604	1,982	622
Mauritius	666	4	662	Spain	6,885	5,759	1,126
Mexico	28,567	10,916	17,651	Sri Lanka	60	9	51
Moldova	39	13	27	Sweden	12,993	7,611	5,382
Morocco	344	163	181	Switzerland	1,243	82	1,161
Namibia	2	0	2	Taiwan	1,288	31	1,257
Netherlands	13,057	3,310	9,747	Thailand	3,465	801	2,664
Netherlands Antilles	1,193	22	1,171	Tokelau Islands	20	20	0
New Zealand	3,468	2,602	866	Tonga	50	0	50
Nicaragua	76	3	73	Trinidad and Tobago	463	143	320
Norway	4,736	455	4,281	Tunisia	279	27	252

A.1. U.S. Holdings of Foreign Long-Term Debt Securities, by Sector of Issuer, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	Government	Private	Country or entity	Total	Government	Private
Turkey	1,005	640	365	Vietnam	37	24	14
Turks and Caicos Islands	35	0	35	Zambia	2	0	2
Ukraine	29	2	27	Zimbabwe	36	24	13
United Kingdom	53,788	19,563	34,225	African oil exporters ¹	792	288	504
Uruguay	598	301	297	Middle East oil exporters ²	433	44	389
Venezuela	5,815	3,758	2,057	Total	542,924	280,236	262,699

Note: The figures are less than the total amount of debt measured by the survey because only debt for which the sector of the issuer was known is included in the table.

1. Algeria, Gabon, Libya, and Nigeria.
2. Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

A.2. U.S. Holdings of Foreign Long-Term Securities, by Total Held, Amount Traded in U.S. Markets, and ADRs, as of December 31, 1997

Millions of dollars

Country or entity	Total	U.S.-traded	ADRs	Country or entity	Total	U.S.-traded	ADRs
Albania	32	0	0	Costa Rica	165	0	0
Andorra	14	0	0	Cote d'Ivoire	459	0	0
Argentina	38,567	17,728	9,547	Croatia	496	131	44
Aruba	22	0	0	Cuba	2	0	0
Australia	46,999	8,776	6,157	Cyprus	322	0	0
Austria	5,662	772	86	Czech Republic	809	2	2
Bahamas	911	206	0	Denmark	16,758	2,227	1,946
Bangladesh	7	0	0	Dominica	2	0	0
Barbados	17	1	1	Dominican Republic	87	24	0
Belarus	3	0	0	Ecuador	2,032	14	0
Belgium	9,169	528	98	Egypt	832	58	3
Belize	34	24	0	El Salvador	50	42	39
Bermuda	26,607	16,265	335	Estonia	27	0	0
Bolivia	12	0	0	Finland	20,715	7,282	5,280
Bosnia and Herzegovina	3	0	0	France	99,752	14,840	13,165
Botswana	148	0	0	Gambia	32	0	0
Brazil	51,656	12,693	10,973	Germany	108,414	6,103	4,462
British Virgin Islands	1,139	55	0	Ghana	358	265	265
Bulgaria	1,310	0	0	Greece	2,741	67	3
Burma	142	0	0	Guadeloupe	1	0	0
Cambodia	1	0	0	Guatemala	193	0	0
Cameroon	4	0	0	Guernsey	450	0	0
Canada	177,473	118,036	40	Honduras	17	0	0
Cayman Islands	19,247	3,748	11	Hong Kong	31,628	3,746	1,954
Chile	8,127	5,781	3,850	Hungary	4,846	768	370
China	5,434	2,524	828	Iceland	309	69	0
Colombia	4,163	2,004	231	India	8,138	591	397
Comoros	21	2	0	Indonesia	4,344	979	424
Congo (Brazzaville)	13	0	0	International organizations	16,975	978	0
Cook Islands	1	0	0	Ireland	17,609	10,269	9,281

A.2. U.S. Holdings of Foreign Long-Term Securities, by Total Held, Amount Traded in U.S. Markets, and ADRs, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	U.S.- Traded	ADRs	Country or entity	Total	U.S.- traded	ADRs
Isle of Man	9	0	0	Nauru	1	0	0
Israel	12,298	7,010	2,099	Netherlands	120,150	61,617	53,147
Italy	59,171	6,585	3,751	Netherlands Antilles	17,002	13,711	0
Jamaica	329	10	0	New Caledonia	1	0	0
Japan	166,758	14,889	6,166	New Zealand	8,817	990	591
Jersey	1,555	1	0	Nicaragua	76	0	0
Jordan	218	9	0	Norway	14,267	3,657	1,855
Kazakhstan	121	6	1	Pakistan	1,521	3	0
Kenya	36	0	0	Palau	1	0	0
Kiribati	24	0	0	Panama	6,594	2,066	0
Korea (South)	15,262	7,295	885	Papua New Guinea	174	12	0
Latvia	4	0	0	Paraguay	81	5	0
Lebanon	814	2	2	Peru	3,545	1,626	1,265
Lesotho	73	6	6	Philippines	7,326	1,826	740
Liberia	1,400	1,191	0	Poland	4,495	230	6
Liechtenstein	5	0	0	Portugal	8,233	2,204	1,179
Lithuania	41	14	1	Romania	211	5	0
Luxembourg	8,289	2,407	869	Russia	12,153	4,337	3,448
Macedonia	20	0	0	Sao Tome and Principe	33	0	0
Madagascar	2	0	0	Senegal	7	3	0
Malaysia	9,077	2,542	171	Serbia and Montenegro	13	0	0
Malta	148	0	0	Seychelles	54	6	6
Marshall Islands	35	0	0	Sierra Leone	1	0	0
Mauritius	730	372	0	Singapore	10,735	1,563	589
Mexico	63,752	28,669	16,568	Slovakia	184	2	2
Moldova	39	0	0	Slovenia	224	1	1
Morocco	561	0	0	Somalia	6	1	1
Namibia	132	0	0	South Africa	12,541	3,045	1,986

A.2. U.S. Holdings of Foreign Long-Term Securities, by Total Held, Amount Traded in U.S. Markets, and ADRs, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	U.S.-traded	ADRs	Country or entity	Total	U.S.-traded	ADRs
Spain	32,146	6,163	5,773	Turks and Caicos Islands	420	340	0
Sri Lanka	193	0	0	Uganda	1	0	0
Suriname	46	46	46	Ukraine	91	0	0
Swaziland	1	0	0	United Kingdom	271,680	67,842	58,650
Sweden	51,886	12,559	10,199	Unknown country	781	36	5
Switzerland	63,141	7,259	7,010	Uruguay	612	162	0
Taiwan	6,227	448	307	Venezuela	7,827	3,048	1,354
Thailand	5,623	1,275	4	Vietnam	37	0	0
Tokelau Islands	20	0	0	Zambia	9	0	0
Tonga	50	0	0	Zimbabwe	169	0	0
Trinidad and Tobago	464	0	0	African oil exporters ¹	843	21	20
Tunisia	280	195	0	Middle East oil exporters ²	515	337	0
Turkey	7,011	398	25	Total	1,755,014	505,577	248,547

Note. ADRs are American Depositary Receipts.

1. Algeria, Gabon, Libya, and Nigeria.

2. Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

A.3. U.S. Holdings of Foreign Equity Securities, by Type of Security, as of December 31, 1997

Millions of dollars

Country or entity	Total	Common stock	Preferred stock	Mutual funds	Other
Andorra	5	5	0	0	0
Argentina	12,892	12,812	66	11	3
Aruba	11	11	0	0	0
Australia	31,120	28,104	2,729	162	125
Austria	3,707	3,460	245	2	1
Bahamas	568	513	0	56	0
Bangladesh	7	4	3	0	0
Barbados	1	1	0	0	0
Belarus	1	1	0	0	0
Belgium	6,099	6,089	4	1	5
Belize	29	29	0	0	0
Bermuda	22,617	21,673	747	181	16
Botswana	131	129	0	2	0
Brazil	31,338	19,309	11,652	337	40
British Virgin Islands	698	267	2	429	1
Burma	3	0	3	0	0
Cambodia	1	1	0	0	0
Canada	70,798	69,977	408	235	179
Cayman Islands	5,612	3,362	1,496	673	81
Chile	4,555	4,517	25	13	0
China	2,256	2,219	33	4	0
Colombia	704	667	38	0	0
Comoros	2	2	0	0	0
Cook Islands	1	1	0	0	0
Cote d'Ivoire	2	2	0	0	0
Croatia	126	126	0	0	0
Cyprus	120	63	57	0	0
Czech Republic	763	754	1	7	2
Denmark	8,917	8,910	2	1	4
Dominica	2	2	0	0	0

A.3. U.S. Holdings of Foreign Equity Securities, by Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	Common stock	Preferred stock	Mutual funds	Other ¹
Ecuador	98	98	0	0	0
Egypt	763	758	4	2	0
El Salvador	39	2	36	0	0
Estonia	17	17	0	0	0
Finland	14,785	13,523	1,262	0	0
France	85,019	84,593	223	120	83
Germany	64,965	58,940	5,848	59	118
Ghana	358	358	0	0	0
Greece	1,513	1,495	18	0	0
Guatemala	2	2	0	0	0
Guernsey	378	249	52	76	1
Hong Kong	28,102	27,608	115	364	15
Hungary	3,483	3,469	13	0	0
Iceland	3	3	0	0	0
India	6,176	6,166	0	6	4
Indonesia	2,488	2,466	11	5	6
International organizations	10	10	0	0	0
Ireland	14,090	13,825	32	174	116
Isle of Man	9	2	0	8	0
Israel	7,036	7,028	3	4	2
Italy	41,547	35,623	612	5,240	71
Jamaica	3	3	0	0	0
Japan	136,404	135,807	116	414	67
Jersey	1,517	36	0	1,481	0
Jordan	40	40	0	0	0
Kazakhstan	1	1	0	0	0
Kenya	19	19	0	0	0
Korea (South)	4,428	4,087	273	66	2
Latvia	4	4	0	0	0
Lebanon	133	133	0	0	0

A.3. U.S. Holdings of Foreign Equity Securities, by Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	Common stock	Preferred stock	Mutual funds	Other ¹
Lesotho	70	70	0	0	0
Liberia	924	758	167	0	0
Liechtenstein	5	5	0	0	0
Lithuania	14	14	0	0	0
Luxembourg	5,345	4,641	294	394	16
Madagascar	1	1	0	0	0
Malaysia	4,713	4,699	0	11	3
Mauritius	65	58	0	7	0
Mexico	34,965	33,094	1,621	184	66
Morocco	217	208	0	9	0
Namibia	130	130	0	0	0
Nauru	1	0	0	0	0
Netherlands	106,984	106,415	155	157	256
Netherlands Antilles	15,809	14,660	16	1,132	1
New Caledonia	1	1	0	0	0
New Zealand	5,311	5,214	63	31	4
Norway	9,493	9,414	65	5	9
Pakistan	1,180	1,179	0	0	0
Panama	3,556	3,542	14	0	0
Papua New Guinea	165	165	0	0	0
Peru	2,341	2,332	9	0	0
Philippines	2,848	2,643	191	13	1
Poland	1,618	1,523	4	90	1
Portugal	6,993	6,521	368	25	79
Romania	4	4	0	0	0
Russia	8,457	8,005	430	21	2
Senegal	4	4	0	0	0
Seychelles	8	6	0	0	0
Sierra Leone	1	1	0	0	0
Singapore	10,185	10,097	23	53	12
Slovakia	87	87	0	0	0

A.3. U.S. Holdings of Foreign Equity Securities, by Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	Common stock	Preferred stock	Mutual funds	Other ¹
Slovenia	56	56	0	0	0
Somalia	3	3	0	0	0
South Africa	9,937	9,863	17	52	5
Spain	25,223	24,654	491	64	15
Sri Lanka	133	132	0	0	0
Suriname	46	46	0	0	0
Swaziland	1	1	0	0	0
Sweden	38,783	38,536	200	32	17
Switzerland	61,897	61,602	48	114	132
Taiwan	4,939	4,347	4	585	3
Thailand	2,158	2,138	1	13	6
Trinidad and Tobago	1	1	0	0	0
Turkey	6,005	6,000	0	6	0
Turks and Caicos Islands	384	27	357	0	0
Uganda	1	1	0	0	0
Ukraine	61	61	0	0	0
United Kingdom	217,525	212,306	4,316	784	118
Uruguay	15	14	0	0	1
Venezuela	1,975	1,929	44	1	2
Zambia	7	7	0	0	0
Zimbabwe	133	133	0	0	0
African oil exporters ²	61	61	0	0	0
Middle East oil exporters ³	28	19	0	9	0
Total	1,207,787	1,156,982	35,029	14,084	1,692

1. "Other" consists of equity unities (equities trading with embedded options or other derivative instruments), warrants, rights, and scrip.

2. Algeria, Gabon, Libya, and Nigeria

3. Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

A.4. U.S. Holdings of Foreign Long-Term Debt Securities, by Type of Security, as of December 31, 1997

Millions of dollars

Country or entity	Total	“Straight” debt	Convertible debt	Zero coupon	Other ¹
Albania	32	7	0	25	0
Andorra	9	7	2	0	0
Argentina	25,675	24,508	45	181	941
Aruba	11	11	0	0	0
Australia	15,879	15,541	59	68	211
Austria	1,954	1,898	5	0	51
Bahamas	342	328	11	3	0
Barbados	16	16	0	0	0
Belarus	2	2	0	0	0
Belgium	3,070	2,998	31	0	41
Belize	5	5	0	0	0
Bermuda	3,989	3,601	351	35	2
Bolivia	12	12	0	0	0
Bosnia and Herzegovina	3	3	0	0	0
Botswana	16	16	0	0	0
Brazil	20,318	19,471	6	56	785
British Virgin Islands	440	369	61	9	1
Bulgaria	1,310	1,292	0	11	7
Burma	139	139	0	0	0
Cameroon	4	4	0	0	0
Canada	106,675	103,063	705	1,149	1,758
Cayman Islands	13,635	12,067	688	220	660
Chile	3,571	3,368	11	81	111
China	3,178	2,939	210	7	22
Colombia	3,458	3,229	33	39	157
Comoros	19	19	0	0	0
Congo (Brazzaville)	13	13	0	0	0
Costa Rica	165	141	0	0	24
Cote d’Ivoire	456	406	4	21	25
Croatia	370	362	0	0	8

A.4. U.S. Holdings of Foreign Long-Term Debt Securities, by Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	“Straight” debt	Convertible debt	Zero coupon	Other ¹
Cyprus	202	128	74	0	0
Czech Republic	45	35	0	0	10
Denmark	7,841	7,766	3	1	71
Dominican Republic	87	72	0	0	15
Ecuador	1,934	1,769	3	8	154
Egypt	69	69	0	0	0
El Salvador	12	12	0	0	0
Estonia	10	10	0	0	0
Finland	5,930	5,575	284	23	48
France	14,733	12,235	1,314	252	932
Gambia	32	32	0	0	0
Germany	43,449	41,071	95	151	2,186
Greece	1,228	1,228	0	0	0
Guadeloupe	1	1	0	0	0
Guatemala	191	187	0	0	4
Guernsey	72	40	25	0	7
Honduras	17	17	0	0	0
Hong Kong	3,526	2,772	720	4	30
Hungary	1,363	1,348	0	0	15
Iceland	306	303	1	0	2
India	1,962	1,643	280	19	20
Indonesia	1,857	1,689	43	44	81
International organizations	16,965	16,687	13	202	63
Ireland	3,519	3,401	1	68	49
Israel	5,262	4,286	35	857	84
Italy	17,624	16,624	479	73	448
Jamaica	326	326	0	0	0
Japan	30,354	24,713	5,384	117	140
Jersey	37	15	22	0	0
Jordan	179	149	0	10	20

A.4. U.S. Holdings of Foreign Long-Term Debt Securities, by Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	"Straight" debt	Convertible debt	Zero Coupon	Other ¹
Kazakhstan	120	109	0	11	0
Kenya	17	17	0	0	0
Kiribati	24	24	0	0	0
Korea (South)	10,834	10,420	235	64	115
Lebanon	680	680	0	0	0
Lesotho	3	3	0	0	0
Liberia	476	468	0	8	0
Lithuania	27	23	0	3	1
Luxembourg	2,944	2,535	207	63	139
Macedonia	20	16	0	0	4
Madagascar	1	1	0	0	0
Malaysia	4,365	3,901	426	27	11
Malta	148	148	0	0	0
Marshall Islands	35	34	0	0	1
Mauritius	666	617	7	31	11
Mexico	28,786	26,670	1,026	314	775
Moldova	39	39	0	0	0
Morocco	344	312	0	32	0
Namibia	2	2	0	0	0
Netherlands	13,166	12,271	399	222	274
Netherlands Antilles	1,193	1,003	22	86	82
New Zealand	3,506	3,464	17	15	10
Nicaragua	76	63	0	13	0
Norway	4,773	4,594	31	8	140
Pakistan	341	299	18	0	24
Palau	1	1	0	0	0
Panama	3,039	2,900	0	19	120
Papua New Guinea	9	0	0	9	0
Paraguay	81	81	0	0	0

A.4. U.S. Holdings of Foreign Long-Term Debt Securities, by Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	"Straight" debt	Convertible debt	Zero Coupon	Other ¹
Peru	1,203	1,140	0	1	62
Philippines	4,479	4,190	244	22	23
Poland	2,877	2,762	53	27	35
Portugal	1,240	1,200	35	0	5
Romania	207	198	0	9	0
Russia	3,696	3,491	6	149	50
Sao Tome and Principe	33	33	0	0	0
Senegal	3	3	0	0	0
Serbia and Montenegro	13	13	0	0	0
Seychelles	46	46	0	0	0
Singapore	550	433	87	18	12
Slovakia	97	95	1	0	1
Slovenia	168	167	0	0	1
Somalia	3	0	3	0	0
South Africa	2,604	2,340	88	99	77
Spain	6,922	6,862	12	31	17
Sri Lanka	60	60	0	0	0
Sweden	13,102	12,581	24	219	278
Switzerland	1,243	889	189	96	69
Taiwan	1,288	364	899	7	18
Thailand	3,466	2,969	414	50	33
Tokelau Islands	20	20	0	0	0
Tonga	50	50	0	0	0
Trinidad and Tobago	463	450	0	0	13
Tunisia	280	275	0	0	5
Turkey	1,005	829	0	110	66
Turks and Caicos Islands	35	35	0	0	0
Ukraine	29	12	0	18	0
United Kingdom	54,155	50,712	933	990	1,520

A.4. U.S. Holdings of Foreign Long-Term Debt Securities, by Type of Security, as of December 31, 1997 (Continued)

Millions of dollars

Country or entity	Total	"Straight" debt	Convertible debt	Zero Coupon	Other ¹
Uruguay	598	585	0	13	0
Venezuela	5,852	5,243	113	20	476
Vietnam	37	37	0	0	0
Zambia	2	2	0	0	0
Zimbabwe	36	36	0	0	0
African oil exporters ²	782	652	0	129	1
Middle East oil exporters ³	430	305	77	26	22
Total	547,228	510,238	16,600	6,716	13,674

1. Negotiable certificates of deposit, perpetual bonds, and debt units (debt trading with embedded options or other derivative instruments).
2. Algeria, Gabon, Libya, and Nigeria.
3. Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

Appendix B. Forms and Instructions

[Note: Forms not available in electronic files]

TABLE OF CONTENTS

	Page
I. Introduction	1
II. Who Must Report	2
III. How to Report	3
IV. What to Report	4
V. Repurchase, Lending and Buy/Sell Back Agreements	6
VI. General Information	7
VII. Where and When to Report	8
VIII. Detailed Form-1 Instructions	8
IX. Detailed Form-2 Instructions	10
X. Detailed Form-3 Instructions	12

APPENDICES

Appendix A - Forms [Not available in electronic files]	15
Appendix B - Country/Currency Codes	23
Appendix C - Industry Codes	33
Appendix D - Security ID Coding Systems	35
Appendix E - Magnetic Tape or Cartridge Reporting Format	37
Appendix F - Diskette (Floppy Disk) Reporting Format [Not available in electronic files]	41

I. INTRODUCTION

The U.S. Treasury Department is conducting a mandatory survey of the ownership of foreign long-term securities by U.S. residents. Long-term securities are defined as equity securities and debt securities with an original term-to-maturity of more than one year.

This survey will collect data as of December 31, 1997. Data are to be reported to the Treasury Department by March 31, 1998.

The data collected by this survey will be used to improve the U.S. balance of payments accounts, the international investment position, and to formulate economic and financial policy. This survey is part of an internationally-coordinated effort to improve statistics on the holdings of foreign securities by major investing countries. Measured holdings in this area are thought to be seriously deficient, and are believed to be a major source of error in worldwide balance of payments statistics. For this reason, most major investing countries are conducting coordinated surveys with consistent definitions as of December 31, 1997 in an effort to improve these data.

The general approach taken by this survey is to collect detailed data from custodians of securities whenever possible, and to collect detailed data from investors only when they do not entrust their holdings of foreign securities to U.S. custodians. U.S. investors who entrust the safekeeping of their foreign securities to U.S. custodians need only report the name and address of the custodian(s) and the amount(s) entrusted. Likewise, when a U.S. custodian in turn entrusts the safekeeping of foreign securities to another U.S. custodian, only the latter custodian reports in detail the foreign holdings. The former custodian only indicates the U.S. custodian to whom they have entrusted the foreign securities, and the amount entrusted.

Only foreign securities held for portfolio investment purposes are to be reported on this survey. Foreign securities held for direct investment should not be reported. Direct investment is defined as ownership or control, by one entity or an affiliated group, of 10% or more of the voting equity of a business enterprise.

Typically only one copy of the survey booklet is mailed to each corporate family. It is the responsibility of the parent organization in each corporate family to ensure that all applicable units within its organization report on this survey. If your firm receives a copy of the survey booklet and is not the parent unit in your organization, it is your responsibility to ensure that the parent unit in your organization is notified of its responsibilities pertaining to the survey.

In some cases there may be multiple U.S. subsidiaries of a foreign company which report directly to their parent unit abroad. In this case there is no U.S.-based parent. The U.S. organization which receives the survey booklet should act as if it were the parent organization and ensure that all applicable U.S.-resident units report on the survey.

II. WHO MUST REPORT

Custodians who manage the safekeeping of foreign securities on behalf of U.S. residents, if the total market value of these foreign securities is \$20 million or more as of December 31, 1997.

Investors who own at least \$20 million in foreign securities as of December 31, 1997. If these securities are in turn entrusted to U.S. custodians, the investor should only report the name(s) of the custodian(s) and the amount(s) entrusted using Form-3. Otherwise, the investor must report these holdings in detail using Form-2. If there is any question as to whether or not your custodian will be reporting certain holdings on this survey, please contact your custodian to clarify the situation. Investors refers both to those who invest for their own account as well as to those who invest on behalf of asset pools, such as the managers of mutual funds, insurance companies and pension funds.

U.S. custodians sometimes hire foreign branches of other U.S. banks to act as their foreign local subcustodians. In such cases care must be taken to ensure that neither double-counting nor under-reporting occurs. When such a relationship exists, the holdings involved should be reported by the U.S. custodian that hired the foreign branch of a U.S. bank to act as its foreign local subcustodian, **not** by the U.S. bank whose foreign branch is acting as a foreign local subcustodian.

U.S. custodians who are not true international or global custodians may still have holdings to report on this survey. This is because many foreign securities are issued in the United States, trade on U.S. exchanges, and are denominated in U.S. dollars. Thus any organization that provides custody services for U.S. securities may also have in custody foreign securities. Examples of such securities are ADRs (American Depositary Receipts), 144A securities, and Yankee bonds.

U.S. investors who employ other organizations (either domestic or foreign) to invest in foreign securities on their behalf must report these investments themselves using Form-2 or Form-3 as appropriate. It is the responsibility of the owner of these securities to report on the survey, not of any other organization, such as an investment manager.

To determine the level of foreign securities held, firms must aggregate their holdings and the holdings of all branches and affiliates together.

All firms that receive a copy of the survey booklet must respond to the survey even if they are exempt from reporting. Firms that are exempt need only complete the identification information on Form-1 and check the box indicating that they are exempt.

U.S. organizations that meet the reporting guidelines must report on this survey whether or not they have been mailed a set of reporting instructions by the Treasury Department. Reporting requirements for this survey have been published in the *Federal Register*, which constitutes legal notification of the requirement to report on this survey.

III. HOW TO REPORT

All firms that receive a copy of the survey booklet must complete and return the postcard contained in the booklet within 30 days of receipt. Even if a firm anticipates that it will be filing an exemption, the postcard should be completed and returned.

All firms that receive a copy of the survey booklet must submit their survey responses to the Treasury Department by March 31, 1998 to the address listed in Section VII. Firms unable to meet the reporting schedule should contact a member of the survey staff at (202) 622-2240 to request an extension.

Reporters can file one consolidated report for their entire organization, or different units may file independently. If two or more units are filing separately, please contact a member of the survey staff for additional Control Numbers.

All survey respondents must complete Form-1. This form contains basic identifying information as well as summary information pertaining to data reported on other forms. Firms exempt from the survey need only complete Form-1.

Form-2 is used to report detailed information on holdings of foreign long-term securities. Such information must be provided by all custodians who manage the safekeeping of at least \$20 million of foreign long-term securities and by all investors who own at least \$20 million in foreign long-term securities **and who do not** entrust the safekeeping of these securities to U.S. custodians. See Section IX for specific instructions on completing Form-2.

Form-2 data may be submitted on magnetic tapes or cartridges, diskettes (floppy disks), or on paper forms. Reports containing over 100 Form-2 records must be submitted on tapes, cartridges or diskettes. Form-2 data submitted on magnetic tapes or cartridges must be submitted in the format specified in Appendix E. Form-2 data submitted on diskettes must be submitted in the format specified in Appendix F. Form-2 data submitted on paper can be submitted either on copies of the Form-2 provided in this package or on printouts listing the data requested on Form-2 in the same order that it appears on Form-2.

Form-3 is used by investors who own foreign long-term securities that have been entrusted to U.S. custodians and by U.S. custodians who have entrusted some or all of their custody securities to other U.S. custodians. These holdings of foreign long-term securities should not be reported in detail on Form-2. Instead, only the total amounts entrusted to U.S. custodians should be reported, along with the name and address of the U.S. custodian(s). It is only necessary to complete Form-3 reports for custodians to whom at least \$5 million in foreign long-term securities have been entrusted. See section X for specific instructions on completing Form-3.

Some respondents will need to complete both Form-2's and Form-3's.

IV. WHAT TO REPORT

All foreign equity securities, including common and preferred stock, voting and non-voting securities, etc.

All foreign debt securities with an **original** term-to-maturity in excess of one year, regardless of the remaining term-to-maturity. This would include all straight debt, convertible debt, stripped debt, zero-coupon debt, marketable CDS, asset-backed securities, etc.

All composite units, which may combine an equity or debt security with some other type of instrument, such as an option or warrant.

Securities issued in the United States by foreign firms are foreign securities, even though they may be denominated in U.S. dollars and trade on U.S. securities exchanges. Conversely, securities issued abroad by U.S. firms are U.S. securities, even though they may be denominated in foreign currencies and trade on foreign exchanges. Securities issued by foreign subsidiaries of U.S. firms are foreign securities, and vice-versa. Only the country in which the issuer of the security is located is relevant in determining whether a security is U.S. or foreign; neither the country in which the security was issued nor the currency of denomination is relevant.

ADRs (American Depositary Receipts) and 144A issues are considered foreign securities and holdings of these securities should be reported on the survey.

Mutual funds and investment trusts are determined to be U.S. or foreign securities based on the country in which the fund is legally established, not based on the type of security the fund purchases. Take, for example, a mutual fund organized in Bermuda which purchases only U.S. Treasury securities. The shares of this fund are foreign securities for the purposes of this survey. U.S. holdings of this fund should be reported on the survey, and this security should be assigned Security Type 13 (mutual fund or investment trust), and not categorized as a debt security based on the fact that it invests solely in debt securities.

Conversely, shares in a U.S. mutual fund that invests completely or partially in foreign securities should not be reported, since the shares of this mutual fund are U.S. securities. The actual foreign securities which the fund purchases are reportable on the survey, and should be reported by the mutual fund itself and/or its U.S. custodian.

Care must also be taken in determining if a mutual fund, investment trust or investment company is a U.S. or foreign fund. Many funds established offshore have names which are similar to U.S. mutual fund names, particularly when the fund is managed by a management group which also manages many U.S. funds and which may be thought of as managing only U.S. funds. Some of the largest U.S. fund management groups also have offshore funds. If there is doubt as to whether a fund is U.S. or foreign, please contact a member of the survey staff at (202) 622-2240.

The following is a list of the types of securities to report or not report on this survey. This list is not exhaustive. If there is any question as to the types of securities to include or exclude, please do not hesitate to contact a member of the survey staff at (202) 622-2240.

Report:

- Common stock
- Preferred stock
- Warrants
- Rights
- Shares or units in foreign mutual funds or investment trusts
- ADRs
- 144A and Regulation S securities
- Units that combine a long-term security with an option, warrant, etc.
- Yankee bonds and other foreign debt securities issued in the U.S.
- Foreign long-term debt securities, such as bonds, debentures and notes
(Including those with less than one year **remaining** until maturity)
- Brady bonds
- Stripped debt securities
- Zero coupon debt securities
- Asset-backed or index linked securities
- Debt securities issued by international organizations located in the U.S.
- Negotiable CDS
- Bearer securities
- Securities sold under repo agreements (see Section V)
- Securities lent under security lending arrangements (see Section V)

Do Not Report:

- U.S. securities
- Short-Term debt securities (**Original** term-to-maturity of one year or less)
- Options
- Futures contracts
- Loans
- Shares of U.S. mutual funds or investment trusts
(even if these funds invest in foreign securities)
- Trade credits and accounts receivables
- Non-negotiable CDS
- Securities owned by non-U.S. residents
- Securities obtained under repurchase agreements (see Section V)
- Securities obtained through security lending agreements (see Section V)

NOTE TO ADR ISSUERS: Issuers of ADRs should not report on Form-2 their holdings of the actual foreign securities which back the ADRs, since this would lead to double counting. Instead, a separate listing should be provided for these securities that lists the name and security ID code of the underlying issue, the total number of shares of the underlying security held, and the ratio between the value of one share of the underlying security and one share of the ADR.

Foreign securities are securities issued by firms resident outside of the United States, with the exception of international organizations, which even though they may be resident in the United States are still considered foreign for the purposes of this survey. International organizations resident in the United States that have or may soon issue securities are:

International Bank for Reconstruction and Development (IBRD or World Bank)
International Finance Corporation (IFC) of the World Bank
Inter-American Development Bank (IDB)
North American Development Bank (NADBank)

V. SECURITIES INVOLVED IN REPURCHASE, LENDING OR BUY/SELL BACK AGREEMENTS

A repurchase agreement (repo) is an arrangement involving the sale of securities at a specified price with a commitment to repurchase the same or similar securities at a specified price on a future date. A reverse repo is the same transaction seen from the other side; that is, an agreement whereby a security is purchased at a specified price with a commitment to resell the same or similar securities at a fixed price on a specified future date. *Buy/sell back agreements* should be treated the same as repos.

Securities lending is an arrangement whereby the ownership of a security is transferred in return for collateral, usually another security, under condition that the security or similar security will revert to its original owner at a future date. *Securities borrowing* is the same transaction seen from the other side.

-- Securities sold under repurchase agreements or lent under securities lending arrangements **should be reported** by the original owner of the securities (or their custodian) as if the securities were continuously held; that is, as if the repurchase or security lending agreement did not exist. Thus these securities should be included in the Form-2 or Form-3 reports.

-- Securities temporarily acquired under reverse repurchase or borrowing arrangements **should not** be reported.

Foreign long-term securities received as collateral as part of a repo or loan **should not** be reported. Foreign long-term securities temporarily delivered out as collateral as part of a reverse repo or security borrowing agreement **should** be reported as continuously held.

If your organization cannot report its repo or securities lending positions according to the above specifications, please contact a member of the survey staff at (202) 622-2240 to discuss the best way to handle your firm's particular circumstances.

VI. GENERAL INFORMATION

Authority

This survey is conducted under the authority of the International Investment and Trade in Services Survey Act (22 U.S.C. 3101 et seq., [the Act]) and Executive Order 11961 of January 19, 1977. The Act specifies that the President has the authority to conduct a regular data collection program, including such studies and surveys as may be necessary and feasible, to secure current information on international investment, including (but not limited to) such information as may be necessary for computing and analyzing the balance of payments and the international investment position of the United States (22 U.S.C. 3103). In Executive Order 11961 §2, the President designated the Secretary of the Treasury as the Federal Executive responsible for collecting data on portfolio investment required by the Act.

Confidentiality of Data Reported

The information collected by this survey may be used only for analytical and statistical purposes and to enforce the Act. Access to information is available only to officials and employees (including consultants and contractors and their employees) designated to perform functions under the Act. Persons having access to individual company information submitted pursuant to the Act are subject to penalties for unauthorized disclosure (22 U.S.C. §3104 and 18 U.S.C. §1905)

Penalties

Reporting on this survey is mandatory for any U.S. person or organization satisfying the reporting requirements of the survey. Whoever fails to furnish any information required under the Act shall be subject to a civil penalty of not less than \$2,500 and not more than \$25,000, or to injunctive relief ordering such person to comply, or both. Whoever willfully fails to submit any information required under the Act or willfully violates any rule, regulation, order, or instruction promulgated under the Act, upon conviction, shall be fined not more than \$10,000; and, if an individual, may be imprisoned for not more than a year, or both; and any officer, director, employee or agent who knowingly participates in such violation, upon conviction, may be punished by a like fine, imprisonment, or both (22 U.S.C. §3105).

Paperwork Reduction Act Notice

This survey has been prepared in accordance with the Paperwork Reduction Act of 1995. The purpose is to collect accurate and complete data that will enable the Treasury Department to fulfill its responsibility under the Act. The estimated average burden for reporting on this survey is 240 hours per custodian reporting **FORM-2** data, 80 hours per end-investor reporting **FORM-2** data, 40 hours per respondent submitting **FORM-3** data, and 16 hours for respondents claiming exemptions. The amount of time required to complete the survey will vary with the amount of data to report and the number of reporting units involved. Comments concerning the accuracy of these estimates or suggestions for improving data collection procedures or reducing reporter

burden should be directed to: Director, Outbound Portfolio Investment Survey, U.S. Treasury Department, 1500 Pennsylvania Avenue, NW, Room 5438, Washington, DC 20220; and to: Office of Management and Budget, Paperwork Reduction Project (1505-0146), Washington, DC, 20503. No U.S. person is required to respond to any U.S. Government collection of information unless it displays a currently valid OMB control number.

VII. WHERE AND WHEN TO REPORT

All reports are due to the Treasury Department by March 31, 1998 unless an extension to the reporting deadline has been granted.

Data should be sent to:

Department of the Treasury
Outbound Portfolio Investment Survey
1500 Pennsylvania Ave, NW Room 5438
Washington, DC 20220

All data used to create a survey report must be retained for a period of two years after the date of the report's submission.

Should there be questions pertaining to this survey, please contact a member of the survey staff at (202) 622-2240.

VIII. DETAILED FORM-1 INSTRUCTIONS

This form must be completed by all organizations that receive a survey booklet. This form is used to:

- provide basic identifying information;
- provide summaries of data reported on Form-2 and Form-3;
- claim an exemption.

A signed Form-1 must accompany all submissions, even if the Form-2 data is submitted on tape, cartridge or diskette. When Form-2 data is submitted on electronic media, the first record of the submission is a partial reproduction of the Form-1 data for identification purposes.

Form-1 contains the following items.

1. Control Number - Enter the 7 digit number from the top right-hand corner of the address label on your survey booklet. If your Control Number is unknown, please contact a member of the survey staff at (202) 622-2240.

2 - 6 - Company Name and Address.

7. Reporting Status - Check Exempt if your firm is exempt from reporting on the survey. Check Form-2 if your firm is filing Form-2 reports. Check Form-3 if your firm is filing Form-3 reports. Check both Form-2 and Form-3 if your firm is submitting both types of forms.

For electronically filed reports (tape, cartridge, or diskette), in position 147 of the first record, enter a "2" if your firm is reporting Form-2 data only, or a "B" if submitting both Form-2 and Form-3 records.

8. Industry Code - Enter the 2-digit code that best describes the activity of your firm from the list provided in Appendix C.

Note: Organizations claiming an Exemption should skip to Item 16.

Items 9-13 refer to Form-2 Data Only

9. Number of Form-2 Records Reported - Enter the total number of Form-2 records submitted with your report, whether they are submitted on paper, tape or diskette.

10. Total US\$ Value of All Priced Equity Securities - For all equity securities (Form-2 Item 6 = 11, 12, 13, 14 or 15) for which prices are known or estimated, enter the total US\$ value (Form-2, Item 11) of all such records.

11. Total US\$ Value of All Priced Debt Securities - For all debt securities (Form-2, Item 6 = 21 or higher) for which prices are known or estimated, enter the total US\$ value (Form-2, Item 11) of all such records.

12. Total Number of Shares of All Unpriced Equity Securities - For all equity securities (Form-2, Item 6 = 11, 12, 13, 14 or 15) for which prices are unknown, enter the total number of shares (Form-2, Item 13) of all such records.

13. Total US\$ Face Value of All Unpriced Debt Securities - For all debt securities (Form-2, Item 6 = 21 or higher) for which prices are unknown, enter the total US\$ face value (Form-2, Item 13) of all such records.

Items 14-15 Refer to Form-3 Data Only

14. Number of Form-3 Records Reported - Enter the total number of Form-3 records submitted.

15. Total US\$ Market Value of Securities Entrusted to Domestic Custodians - Enter the estimated total market value of all foreign long-term securities entrusted to domestic custodians. This value may be greater than the sum of the amounts reported on your Form-3 records if amounts of less than \$5 million have been entrusted to domestic custodians and therefore not reported.

16-19 - Certifier's name, title, phone number and date signed.

IX. DETAILED FORM-2 INSTRUCTIONS

This form should be used by all U.S. custodians to report their custody holdings of foreign securities (if these securities have not in turn been entrusted to other U.S. custodians), **and** by all U.S. investors who own foreign securities but have not entrusted the safekeeping of these securities to U.S. custodians.

Domestic custodians who entrust any of their holdings of foreign securities to other domestic custodians should report these holdings on Form-3, not on Form-2, to avoid double-counting.

However, securities entrusted by custodians directly to central securities depositories, such as Depository Trust Company, should be reported on Form-2 by the custodian who entrusted the securities to the central depository.

Form-2 data may be submitted on magnetic tapes or cartridges, diskettes (floppy disks), or on paper forms, as specified in Section III.

Form-2 contains the following items.

- 1. Control Number** - Enter the Control Number from Form-1, Item 1.
- 2. Sequence Number** - Starting at 1, sequentially number each record. The last record should have the same sequence number as the total number of records reported on Form-1, Item 9.
- 3. Security ID Code** - Enter the security ID code used to identify this record. ISIN codes are preferred. If the ISIN code is unknown or unavailable, your best efforts to use a code issued by a national or international numbering agency, such as a SEDOL, CUSIP, or CINS code, are appreciated. Use of internally-generated codes makes data aggregation and analysis very difficult.
- 4. Security ID Coding System** - From Appendix D select the two-digit code that corresponds to the type of code entered in Item 3 above.
- 5. Ownership Code** - Select the code that best describes the owner of this security from the list on the form.
- 6. Security Type** - Select the code that best describes the type of security from the list on the form.
- 7. Private or Government** - Enter 'P' if this security was issued by a private organization; 'G' if this security was issued by a national or local government, or an international organization such as the World Bank.
- 8. Depository Receipt/Share** - Enter **Y** if the security is a Depository Receipt or Share (such as an ADR); enter **N** if it is not.
- 9. Name of Issuer** - Enter the name of the organization that issued this security.

10. Security Description - Provide pertinent descriptive information.

11. Dollar Value of Security Held - Enter the total US\$ value (price times quantity) of your holdings of this security, rounded to the nearest dollar.

For equity securities (Form-2, Item 6 = 11, 12, 13, 14 or 15), enter the US\$ price (Form-2, Item 12) of this security multiplied by the number of shares held (Form-2, Item 13).

For debt securities (Form-2, Item 6 = 21 or higher), enter the product of the US\$ price (Form-2, Item 12) of this security multiplied by the US\$ Face Value (Form-2, Item 13).

12. Market Price - For equity securities, enter the price per share in U.S. dollars as of December 31, 1997.

For debt securities, enter the price as a percentage of the security's original face value. Thus if a security is trading at 90% of its original value as of December 31, 1997, enter .900 in this field. In the case of zero-coupon or deep discount issues, which trade when issued at a small percentage of their face value at maturity, enter the percentage of their face value at maturity that they are worth as of December 31, 1997. Thus, if a zero coupon bond was originally issued at a value equal to 17% of its face value at maturity, and has by December 31, 1997 appreciated to 43% of its face value at maturity, enter .430 in this field.

Note: Custodians should provide prices for securities when reporting on this survey in a manner consistent with their normal business practices for providing prices to their customers. Thus if a firm typically provides prices to its customers for all securities for which prices are commercially available, the same practice should be followed when reporting on the survey.

13. Face Value or Number of Shares Held - For equity securities, enter the number of shares held, rounded to the nearest share. For debt securities, enter the face value held in **US\$**. For asset-backed securities (Form-2, Item 6 [Security Type] = 24), for which principal is repaid over time, enter the remaining, unrepaid, face value of principal outstanding for this security as of December 31, 1997.

Note: For securities that trade in lots, be careful to enter the number of shares (equity) or face amount held (debt), not the number of lots held. Also, enter the price per share, not per lot.

**Item 14 Pertains To Asset-Backed Securities Only
(Security Type 24)**

14. Original Face Value for Asset-Backed Security - Pertaining to the amount entered in Item 13 above, enter the original face value of principal in \$US that would have been outstanding if no principal had been repaid.

For example, if \$1,000,000 of an asset-backed security was bought at date of issue, and 30% of the principal of this security has been repaid as of December 31, 1997, \$700,000 should be entered in Item 13, and \$1,000,000

should be entered in Item 14. The ratio between the amounts entered in Item 13 and Item 14 ($700,000/1,000,000 = .700$) should equal the Factor Value for this security.

15. Currency Security Denominated In - Enter the 5-digit code from Appendix B corresponding to the currency in which the security is denominated.

16. Exchange Rate Used - Enter the exchange rate used to convert the price in Item 12 into U.S. dollars. This should be the December 31, 1997 exchange rate and should be expressed as the US\$ value of one unit of the foreign currency.

For example, if 4 units of the currency equal one US dollar, enter 0.25 here. If one unit of the currency equals 2 US dollars, enter 2.00 here. If the currency of denomination is the US dollar, enter 1.00 here.

17. Amount on Loan or Repo - Of the total US\$ value held of this security as reported in Item 11 above, how much of this position was on loan or sold under a repurchase or sell/buy back agreement as of December 31, 1997.

18. Loan or Repo - Enter "R" if the amount reported in Item 17 was sold under a repurchase or sell/buy back agreement, "L" if it is on loan as part of a security lending agreement.

19. Country of Issuer of Security - Enter the 5-digit country code from the list provided in Appendix B that corresponds to the home country of the organization that issued this security.

Items 20-21 Pertain To Debt Securities Only

20. Issue Date - Enter the Issue Date in MMDDYYYY format.

21. Maturity Date - Enter the Maturity Date in MMDDYYYY format.

X. DETAILED FORM-3 INSTRUCTIONS

This form should be used by all U.S. investors who own foreign securities and who in turn entrust their safekeeping to U.S. custodians, and by U.S. custodians who have entrusted the safekeeping of foreign securities entrusted to them by U.S. investors to other U.S. custodians.

On this form indicate the name and address of the U.S. custodian(s) to whom the foreign securities have been entrusted, as well as the total estimated market value of these securities as of December 31, 1997.

Only complete this form for custodians to whom you have entrusted at least \$5 million in foreign securities.

Form-3 data can be submitted either on copies of the Form-3 provided in this package or on printouts listing the data requested on Form-3 in the same order that it appears on Form-3.

1. Sequence Number - Starting at 1, sequentially number each record. The last record should have the same sequence number as the total number of Form-3 records reported on Form-1, Item 14.

2. Name of Custodian

3. Address of Custodian

4. Total Value of Foreign Securities Entrusted to this Custodian -

Enter the total estimated market value of foreign long-term securities entrusted to this custodian as of December 31, 1997 in millions of US\$.

5. Type of Securities Entrusted - Indicate whether the securities entrusted to this custodian were securities owned by your organization or if they were securities owned by someone else which were given to you to keep in custody, and which you in turn passed on to another U.S.-based custodian for safekeeping.

If your firm entrusted both securities which you own and securities held in custody to this custodian, create two separate Form-3 records denoting how much of each type was entrusted.

APPENDIX A

FORMS

[Not available in electronic files]

APPENDIX B

COUNTRY/CURRENCY CODES

Country Codes

<u>COUNTRY</u>	<u>CODE</u>	<u>COUNTRY</u>	<u>CODE</u>
Afghanistan	40401	Cote d'Ivoire (Ivory Coast)	53007
Albania	15105	Croatia	14214
Algeria	50105	Cuba	30708
Andorra	10103	Cyprus	10405
Angola	50202	Czech Republic	15288
Anguilla	30228	Denmark	10502
Antigua and Barbuda	35203	Djibouti	52302
Argentina	30104	Dominica	36218
Armenia	16519	Dominican Republic	30805
Aruba	35254	East Timor	45004
Australia	60089	Ecuador	31003
Austria	10189	Egypt	57002
Azerbaijan	16527	El Salvador	31089
Bahamas	35319	Equatorial Guinea	51942
Bahrain	40703	Eritrea	52019
Bangladesh	40746	Estonia	15407
Barbados	30155	Ethiopia	52108
Belarus	16209	Faroe Islands	10618
Belgium	10251	Fiji	60607
Belize	35718	Finland	10707
Benin	51802	France	10804
Bermuda	35602	French Guiana	36404
Bhutan	40819	French Polynesia	60704
Bolivia	30201	Gabon	52418
Bosnia and Herzegovina	14109	Gambia	52507
Botswana	50504	Georgia	16535
Brazil	30309	Germany	11002
British Virgin Islands	35807	Ghana	52604
Brunei	41009	Gibraltar	11088
Bulgaria	15202	Greece	11207
Burkina Faso	57118	Greenland	60887
Burma	41106	Grenada	36706
Burundi	50806	Guadeloupe	36803
Cambodia	41203	Guatemala	31208
Cameroon	51004	Guernsey	13006
Canada	29998	Guinea	52701
Cape Verde	51209	Guinea-Bissau	54402
Cayman Islands	36137	Guyana	31305
Central African Republic	51306	Haiti	31402
Chad	51403	Honduras	31488
Chile	30406	Hong Kong	42005
China	41408	Hungary	15504
Colombia	30503	Iceland	11304
Comoros	51519	India	42102
Congo (Brazzaville)	51608	Indonesia	42218
Congo (Kinshasa)	51705	Iran	42307
Cook Islands	60402	Iraq	42404
Costa Rica	30589	Ireland	11401

Country Codes

COUNTRY	CODE	COUNTRY	CODE
Isle of Man	13008	New Caledonia	61409
Israel	42501	New Zealand	61689
Italy	11509	Nicaragua	31801
Jamaica	31607	Niger	54208
Japan	42609	Nigeria	54305
Jersey	13007	Niue Island	61808
Jordan	42706	Norway	12203
Kazakstan	16543	Oman	44105
Kenya	53104	Pakistan	44709
Kiribati	60526	Palau	62502
Korea, North	44407	Panama	31887
Korea, South	43001	Papua New Guinea	61751
Kuwait	43109	Paraguay	32107
Kyrgyzstan	16551	Peru	32204
Laos	43303	Philippines	44806
Latvia	15601	Pitcairn	62103
Lebanon	43419	Poland	15768
Lesotho	53155	Portugal	12319
Liberia	53201	Qatar	45101
Libya	53309	Reunion	54607
Liechtenstein	11606	Romania	15806
Lithuania	15709	Russia	16101
Luxembourg	11703	Rwanda	55018
Macao	43508	Saint Helena	55107
Macedonia, FYR of	14419	Saint Kitts and Nevis	37303
Madagascar	53406	Saint Lucia	37508
Malawi	53503	Saint Pierre and Miquelon	62219
Malaysia	43605	Saint Vincent and Grenadines	37605
Maldives	43702	San Marino	12408
Mali	53589	Sao Tome and Principe	55204
Malta	11819	Saudi Arabia	45608
Marshall Islands	61204	Senegal	55301
Martinique	37001	Serbia and Montenegro	13218
Mauritania	53708	Seychelles	55409
Mauritius	53805	Sierra Leone	55506
Mexico	31704	Singapore	46019
Micronesia, Fed. States	60305	Slovakia	15318
Moldova	16306	Slovenia	14338
Monaco	12009	Solomon Islands	62308
Mongolia	43818	Somalia	55603
Montserrat	37109	South Africa	55719
Morocco	54003	Spain	12505
Mozambique	54089	Sri Lanka	41319
Namibia	54127	Sudan	56103
Nauru	61301	Suriname	37702
Nepal	44202	Swaziland	56219
Netherlands	12106	Sweden	12602
Netherlands Antilles	37206	Switzerland	12688

Country Codes

<u>COUNTRY</u>	<u>CODE</u>
Syria	46205
Taiwan	46302
Tajikistan	16578
Tanzania	56405
Thailand	46418
Togo	56502
Tokelau Islands	62405
Tonga	62448
Trinidad and Tobago	32409
Tunisia	56707
Turkey	12807
Turkmenistan	16616
Turks and Caicos Islands	37818
Tuvalu	60518
Uganda	56804
Ukraine	16403
United Arab Emirates	46604
United Kingdom	13005
Uruguay	32603
Uzbekistan	16705
Vanuatu	61603
Vatican City	13102
Venezuela	32719
Vietnam	46906
Western Samoa	62618
Yemen	47104
Zambia	57207
Zimbabwe	54704
Defunct Country	88862
International Organizations	70000

CURRENCY CODES

COUNTRY	CURRENCY	CODE
Afghanistan	Afghani	40401
Albania	Lek	15105
Algeria	Algerian dinar	50105
Angola	Kwanza	50202
Argentina	Peso	30104
Armenia	Dram	16519
Aruba	Aruban florin	35254
Australia	Australia dollar	60089
Austria	Schilling	10189
Azerbaijan	Manat	16527
Bahamas	Bahamas dollar	35319
Bahrain	Bahraini dinar	40703
Bangladesh	Taka	40746
Bank of Central African States	CFA franc BEAC	50000
Barbados	Barbados dollar	30155
Belgium	Belgium franc	10251
Belize	Belize dollar	35718
Bermuda	Bermuda dollar	35602
Bhutan	Ngultrum	40819
Bolivia	Boliviano	30201
Botswana	Pula	50504
Brazil	Real	30309
Brunei	Brunei dollar	41009
Bulgaria	Lev	15202
Burma	Kyat	41106
Burundi	Burundi franc	50806
Cambodia	Riel	41203
Canada	Canadian dollar	29998
Cape Verde	Cape Verde escudo	51209
Cayman Islands	Cayman Islands dollar	36137
Central Bank of West African States	CFA franc BCEAO	50001
Chile	Chilean peso	30406
China	Yuan	41408
Colombia	Colombian peso	30503
Comoros	Comoros franc	51519
Congo (Kinshasa)	Congo franc	51705
Costa Rica	Costa Rican colon	30589
Croatia	Kuna	14214
Cuba	Cuban peso	30708
Cyprus	Cyprus pound	10405
Czech Republic	Czech koruna	15288
Denmark	Danish krone	10502
Djibouti	Djibouti franc	52302
Dominican Republic	Dominican peso	30805
East Caribbean	East Caribbean dollar	38105
Ecuador	Sucre	31003
Egypt	Egyptian pound	57002
El Salvador	El Salvador colon	31089

CURRENCY CODES

COUNTRY	CURRENCY	CODE
Estonia	Estonia kroon	15407
European Union	Ecu	73288
Fiji	Fiji dollar	60607
Finland	Markka	10707
France	French franc	10804
Gambia	Dalasi	52507
Germany	Deutsche mark	11002
Ghana	Cedi	52604
Gibraltar	Gibraltar pound	11088
Greece	Drachma	11207
Guatemala	Quetzal	31208
Guinea	Guinea franc	52701
Guinea-Bissau	Guinea-Bissau peso	54402
Guyana	Guyana dollar	31305
Haiti	Gourde	31402
Honduras	Lempira	31488
Hong Kong	Hong Kong dollar	42005
Hungary	Forint	15504
Iceland	Icelandic Krona	11304
India	Indian rupee	42102
Indonesia	Rupiah	42218
Iran	Iranian rial	42307
Iraq	Iraqi dinar	42404
Ireland	Irish pound	11401
Israel	New sheqel	42501
Italy	Italian lira	11509
Jamaica	Jamaican dollar	31607
Japan	Yen	42609
Jordan	Jordanian dinar	42706
Kazakstan	Tenge	16543
Kenya	Kenyan shilling	53104
Korea, North	Won	44407
Korea, South	Won	43001
Kuwait	Kuwaiti dinar	43109
Laos	Kip	43303
Latvia	Lats	15601
Lebanon	Lebanese pound	43419
Lesotho	Loti	53155
Liberia	Liberian dollar	53201
Libya	Libyan dinar	53309
Lithuania	Litas	15709
Luxembourg	Luxembourg franc	11703
Macao	Pataca	43508
Macedonia, FYR of	Denar	14419
Madagascar	Malagasy franc	53406
Malawi	Kwacha	53503
Malaysia	Malaysian ringgit	43605

CURRENCY CODES

COUNTRY	CURRENCY	CODE
Maldives	Rufiyaa	43702
Malta	Maltese lira	11819
Mauritania	Ouguiya	53708
Mauritius	Mauritius rupee	53805
Mexico	Mexican peso	31704
Moldova	Leu	16306
Mongolia	Tugrik	43818
Morocco	Moroccan dirham	54003
Mozambique	Metical	54089
Nepal	Nepalese rupee	44202
Netherlands	Netherlands guilder	12106
Netherlands Antilles	Netherlands Antilles guilder	37206
New Zealand	New Zealand dollar	61689
Nicaragua	Cordoba	31801
Nigeria	Naira	54305
Norway	Norwegian krone	12203
Oman	Rial Omani	44105
Pakistan	Pakistani rupee	44709
Panama	Balboa	31887
Papua New Guinea	Kina	61751
Paraguay	Guarani	32107
Peru	New sol	32204
Philippines	Philippines peso	44806
Poland	Zloty	15768
Portugal	Portuguese escudo	12319
Qatar	Riyal	45101
Romania	Leu	15806
Russia	Ruble	16101
Rwanda	Rwanda franc	55018
St. Helena	St. Helena pound	55107
Sao Tome & Principe	Dobra	55204
Saudi Arabia	Saudi Arabia riyal	45608
Serbia and Montenegro	New Yugoslavian dinar	13218
Seychelles	Seychelles rupee	55409
Sierra Leone	Leone	55506
Singapore	Singapore dollar	46019
Slovakia	Slovak koruna	15318
Slovenia	Tolar	14338
Solomon Islands	Solomon Islands dollar	62308
Somalia	Somalia shilling	55603
South Africa	Rand	55719
Spain	Spanish peseta	12505
Sri Lanka	Sri Lanka rupee	41319
Sudan	Dinar	56103
Suriname	Suriname guilder	37702
Swaziland	Lilangeni	56219
Sweden	Swedish krona	12602
Switzerland	Swiss franc	12688

CURRENCY CODES

COUNTRY	CURRENCY	CODE
Syria	Syrian pound	46205
Taiwan	New Taiwan dollar	46302
Tanzania	Tanzanian shilling	56405
Thailand	Baht	46418
Tonga	Pa'anga	62448
Trinidad and Tobago	Trinidad and Tobago dollar	32409
Tunisia	Tunisian dinar	56707
Turkey	Turkish lira	12807
Uganda	Uganda shilling	56804
Ukraine	Hryvna	16403
United Arab Emirates	Dirham	46604
United Kingdom	Pound sterling	13005
United States	United States dollar	01007
Uruguay	Peso Uruguayo	32603
Vanuatu	Vatu	61603
Venezuela	Bolivar	32719
Vietnam	Dong	46906
Western Samoa	Tala	62618
Yemen	Yemeni rial	47104
Zambia	Kwacha	57207
Zimbabwe	Zimbabwean dollar	54704

APPENDIX C

INDUSTRY CODES

Manufacturing

- 01 Aerospace
- 02 Beverages
- 03 Cars and Trucks
- 04 Chemicals
- 05 Clothing, Textiles and Shoes
- 06 Computers and Related Products
- 07 Construction equipment
- 08 Electrical and Electronic Equipment, except computers
- 09 Food and Kindred Products
- 10 Industrial Machinery
- 11 Lumber and Wood Products
- 12 Paper and allied products
- 13 Petroleum Refining and related industries
- 14 Pharmaceuticals and Medicines
- 15 Printing and Publishing Equipment
- 16 Rubber and Plastic Products
- 17 Steel
- 18 Tobacco Products
- 19 Misc. Manufacturing

Transportation and Utilities

- 20 Air Transportation
- 21 Ground Transportation
- 22 Rail Transportation
- 23 Water Transportation
- 24 Electric Power Generation and Transmission
- 25 Oil and Natural Gas Distribution
- 26 Other

Financial Services

- 30 Depository Institutions (Banks, Trust Companies, etc.)
- 31 Nondepository Credit Institutions
- 32 Mutual Funds, Investment Trusts, etc.
- 33 Securities and Commodities Broker/Dealers
- 34 Insurance Companies
- 35 Pension Funds
- 36 Foundations and Endowments
- 37 Other

Agriculture and Mining

- 40 Agriculture, Forestry and Fishing
- 41 Coal Mining
- 42 Oil and Gas Extraction
- 43 Metal Mining
- 44 Nonmetallic Minerals, except Oil

Communications and Information Processing

- 50 Computer Software Development
- 51 Information and Data Processing Services
- 52 Motion Picture and Sound recording Industries
- 53 Printing and Publishing
- 54 TV and Radio
- 55 Wired and Cellular Telecommunications
- 56 Satellite Telecommunications
- 57 Other

Trade

- 60 Wholesale Trade
- 61 Retail Trade (Department Store, Grocery Stores, etc.)

Government

- 70 Federal
- 71 Local
- 72 Government Sponsored and Owned Enterprises
- 73 International Organizations

Miscellaneous

- 80 Multi-Industry Conglomerates
- 81 Construction
- 82 Health Services
- 83 Hotels, Motels, Restaurants
- 84 Professional and Technical Services
- 85 Real Estate Companies
- 86 Research
- 87 Misc.

APPENDIX D

SECURITY ID CODING SYSTEMS

CODE	ISSUER	SYSTEM NAME
01	ISO	ISIN (International Security Identification Number)
02	CEDEL	Cedel Code
03	Euroclear	Euroclear Code
04	Euroclear/Cedel	Common Code
05	Australia	ASX Code
06	Austria	WPK
07	Belgium	SVM Code
08	Brazil	National Stock Exchange Assn.
09	Brazil	Rio de Janeiro Stock Exchange
10	Brazil	Sao Paulo Stock Exchange
11	Denmark	Fondskode
12	France	SICOVAM
13	Germany	WKN
14	Hong Kong	Hong Kong Stock Exchange Code
15	Italy	UIC Code
16	Italy	ABI Code
17	Japan	SICC Code
18	Japan	TSE Code (Tokyo Stock Exchange Code)
19	Korea	Korean Stock Exchange Clearing Code
20	Mexico	Mexican Stock Exchange Code
21	Netherlands	Amsterdam Stock Exchange Clearingcode
22	New Zealand	New Zealand Stock Exchange Code
23	Norway	Modified ISIN (VPS)
24	Portugal	Lisbon Stock Exchange Code
25	Portugal	Oporto Stock Exchange Code
26	South Africa	Clearing House Code (Johannesburg Stock Exchange)
27	Spain	CNMV Code
28	Sweden	VPC Number
29	Switzerland	VALOR (Valorennummer)
30	Thailand	Stock Exchange of Thailand
31	United Kingdom	SEDOL
32	United States	CUSIP
33	United States	CINS
98		Internally-Generated Code
99		Other Coding System

APPENDIX E

Magnetic Tape or Cartridge Format

Form-1

Identification Record

Positions	Content	Character Type	Form-1 Number	Item Format
1-2	"10"	Constant		"10"
3-9	Control Number	Numeric	1	N7
10-59	Company Name	Alphanumeric	2	A50
60-109	Street Address	Alphanumeric	3	A50
110-139	City	Alphanumeric	4	A30
140-141	State P.O. Abbreviation	Alphanumeric	5	A2
142-146	Zip Code	Numeric	6	N5
147	Reporting Status	Alphanumeric	7	N1
148-149	Industry Code	Numeric	8	N2
150-156	Number of Form-2 Records	Numeric	9	N7
157-170	Value of Priced Equities	Numeric	10	N14
171-184	Value of Priced Debt	Numeric	11	N14
185-198	Shares of Unpriced Equity	Numeric	12	N14
199-212	Face Value of Unpriced Debt	Numeric	13	N14
213-215	Number of Form-3 Records	Numeric	14	N3
216-229	Value of Form-3 Records	Numeric	15	N14
230-238	Unused			

Magnetic Tape or Cartridge Format

Form-2

Detail Record

Positions	Content	Character Type	Form-2 Number	Item Format
1-2	"11"	Constant		"11"
3-9	Control Number	Numeric	1	N7
10-16	Sequence Number	Numeric	2	N7
17-28	Security ID Code	Alphanumeric	3	A12
29-30	Security ID Coding System	Numeric	4	N2
31	Ownership Code	Numeric	5	N1
32-33	Security Type	Numeric	6	N2
34	Private/Government Code	Alphanumeric	7	A1
35	Depository Receipt Y/N	Alphanumeric	8	A1
36-85	Name of Issuer	Alphanumeric	9	A50
86-135	Security Description	Alphanumeric	10	A50
136-147	Dollar Value Held	Numeric	11	N12
148-162	Market Price in US\$	Numeric	12	N15.6
163-174	Face Value/Number of Shares	Numeric	13	N12
175-186	Original Face Value	Numeric	14	N12
187-191	Currency of Denomination	Numeric	15	N5
192-204	Exchange Rate	Numeric	16	N13.7
205-216	Amount on Loan or Repo	Numeric	17	N12
217	Loan/Repo Indicator	Alphanumeric	18	A1
218-222	Country of Issuer	Numeric	19	N5
223-230	Issue Date	Numeric	20	N8
231-238	Maturity Date	Numeric	21	N8

Physical Specifications

Use 1600 or 6250 BPI phase encoded 9-track tape or
½" IBM 3480 compatible tape cartridges
ASCII or EBCDIC
238 character records blocked 40 logical records, thus a physical record
size of 9520 bytes

External Label (Affix to reel, not to cover)

Company Name and Address
Control Number
Data Processing Contact Name and Telephone Number
Tape Identification Number (as identified in your records)
Creation Date
Contents: 1997 Outbound Portfolio Investment Survey

Tape Layout

Label (Optional)
Tape Mark
Identification Record
Detail Records
Tape Mark

Data Specifications

All numeric fields should be unpacked, unsigned,
right-justified with leading zeroes.
Decimal points should be explicitly entered in the data.
A format specification of N13.3 means 9 digits to the left of the decimal
point, a decimal point, and three digits to the right of the decimal
point.
Alphanumeric data should be left-justified and blank filled.

General Information

A paper copy of Form-1 must also be submitted. Form-3 records can only be
submitted on the form supplied or on a paper submission which contains the
same information in the same order as the form.

A copy of the tape submitted and all information used to create the tape
should be saved for a period of two years from the date of submission.

Each tape should be accompanied by a tape dump which includes the tape label
(if present), the identification record, and at least the first ten detail
records.

APPENDIX F

DISKETTE FORMAT

[Not available in electronic files]